

Statement of the National Association of Broadcasters

Hearing before the House Committee on Energy and Commerce

Subcommittee on Telecommunications and the Internet

May 10, 2007

The National Association of Broadcasters (NAB) respectfully submits this statement for the record in the Subcommittee's hearing on *Digital Future of the United States: Part V: The Future of Video*. NAB is a trade association that advocates on behalf of more than 8,300 free, local radio and television stations and also broadcast networks before Congress, the Federal Communications Commission and other federal agencies, and the Courts.

In light of today's focus on alternatives to the current video platforms, NAB and its membership want to assure the Committee that the broadcast television industry is, and will remain, a vital part of the video landscape. The future of video unquestionably includes free over-the-air television. The broadcast television industry has invested and continues to invest significant time, effort, and financial resources to complete the transition to digital broadcasting successfully, expeditiously, and in a consumer-friendly manner. The local television stations that today keep their communities – and your constituents – informed and connected intend to remain a vibrant part of the media landscape in the 21st century. Innovations such as digital broadcasting will enhance broadcasters' competitiveness and ability to serve local communities and viewers in numerous ways.

Beyond ensuring a smooth digital transition by February 17, 2009, broadcasters must also look towards a future where the Internet and its myriad applications will alter profoundly the video marketplace. Local television broadcasters and national networks will play an important role on new distribution platforms, including Internet delivery, video podcasting, and mobile

video. In the coming years, with local programming as the backbone, broadcasters will effectively compete in a “wherever, whenever” video environment.

Broadcasters Have Made Tremendous Strides Toward Completion Of The Digital Television Transition, To The Benefit Of Consumers

Broadcast stations have made remarkable progress and are fully committed to expeditiously completing the digital television (DTV) transition in a manner that is as seamless as possible for consumers. As of May 7, 2007, 1600 full-power television stations in 211 Designated Market Areas across the United States were providing programming in digital. Why have television broadcasters embraced DTV? In short, because digital technology is the future of video – it will enable us to better serve our local viewers and communities and allow us to remain competitive in a marketplace where all communications services and media will be digital.

Digital technology offers service of far higher quality – high definition (HD) pictures, improved sound, and screen dimensions better suited to the human eye. This technology also allows broadcasters to offer additional, free programming streams within each television licensee’s six MHz channel. Because digital technologies are more robust than traditional analog technology, stations can be packed closer together without causing destructive interference to the public’s over-the-air service, thereby reducing the amount of spectrum needed for over-the-air television stations. At the end of the DTV transition, this remaining spectrum will be returned to the government. Some of the returned spectrum will be used for vital public safety needs – needs we have all become acutely aware of in light of the events of September 11, 2001. Some of the freed spectrum will be auctioned for other innovative uses at substantial benefit to the U.S. Treasury.

Indeed, even though the digital transition is not yet completed, consumers have already benefited from it. The major broadcast networks provide their most popular programming, including prime-time programming and major sporting events, in HD. About 45 local stations throughout the country, including WUSA-TV here in Washington, broadcast their local news in HD. Hundreds of local stations are also using their digital channels to provide multiple program streams within their digital signal, and many more are considering doing so in the future. Decisionmark, a media technology and software and information firm, estimated in late 2006 that approximately 780 television stations were offering multiple program streams, including news, weather, entertainment, sports, religious and ethnic-oriented programs. Even local stations in medium and small markets, including markets as small as Boise, Idaho, are providing numerous news, sports, and weather services to their local communities over their digital signals.

Clearly, the public – even those who view television through cable – would be served by access to these new program streams. So far, however, many broadcasters have encountered resistance from cable operators who have denied, delayed, or otherwise impeded delivery of the full digital signal to cable consumers. Stripping out these services is contrary to the terms of the 1992 Cable Television Consumer Protection and Competition Act, and threatens the health and vitality of broadcast services for all viewers. Congress should accordingly direct the Federal Communications Commission (FCC) to prohibit cable and satellite operators from stripping out programming streams from broadcasters' digital transmissions.

Congress, the FCC, and the National Telecommunications and Information Administration (NTIA), as well as all sectors of the television industry, must also work to educate the public about the DTV transition. In particular, members of the public need to know

what steps they must take to continue to have access to the television programming they rely upon after the analog television cut-off on February 17, 2009.

NAB has formed a Digital Television Transition Team to spearhead the broadcast industry's efforts to provide information about digital transition issues. Managed by a new Vice President of Digital Television Transition, with a full-time media relations director, two directors of outreach, and a multimillion-dollar budget, this team will coordinate a national public affairs and consumer education campaign with the goal of ensuring that no consumer is left unprepared, by lack of information, for the end of analog broadcasting. NAB's digital transition team will also help coordinate the Digital Television Transition Coalition, a coalition of (to date) about 85 member organizations that have joined together to raise consumer awareness of the digital transition.¹ This Coalition, which intends to work closely with NTIA and the FCC, will launch public education efforts (including media placements) to convey accurate, consistent and needed information to the public.

Broadcasters Continue To Explore New Distribution Platforms For News, Information and Entertainment

Traditionally, broadcasters have relied on transmission through the television signal to reach local communities with national and local news and entertainment. That distribution medium will remain, and in fact thrive, in the digital future, as outlined above. In addition, broadcasters are actively embracing a future where video is consumed through multiple outlets, including the Internet, cell phones, portable gaming devices, iPods and personal digital assistants

¹ Members of this Coalition include the Association for Maximum Service Television, Inc.; the National Cable and Telecommunications Association; the Consumer Electronics Association; the Association of Public Television Stations; the Consumer Electronics Retailers Coalition; the Leadership Conference on Civil Rights; and many others.

(PDAs). Each of these distribution channels provides broadcasters with new opportunities, both to extend their current business model, and to create new models that will take advantage of each medium's unique characteristics.

Broadcasters have long used the Web to provide local news, both in text form and through video clips. The Web offers broadcasters more flexibility to provide deeper coverage of their local communities. Concurrent with the expansion of broadband penetration in the United States, broadcasters have accelerated Web video offerings, including longer versions of stories that originally appeared on their local newscasts. Plus, many broadcasters are providing live local news simulcasts through their Web sites. As the convergence of television and the Internet comes to fruition, broadcasters expect to provide a virtual bridge between the technologies, so that in the future, as the so-called "I Generation" matures, the local television brand will extend seamlessly across multiple platforms.

Much of the attention at today's hearing focuses on "new media" initiatives in the video marketplace, and with good reason. The remarkable rise of YouTube, for example, illustrates the volatile nature of an industry that for decades has relied upon established, larger media companies. Today, a 16-year-old auteur in Des Moines can film a clip of his friends skateboarding that could be viewed by thousands, even millions, of global viewers within a week. The Internet is breeding "video stars," like Lonelygirl15, who have never appeared on television or in the movies. And with the combination of more powerful computing, faster broadband speeds and lowering costs of storage, this trend will only continue and quicken.

In many households, appointment television has been replaced by recorded television with the increasing use of personal video recorders like the Tivo. And consumer expectations are shifting with the technology. For example, digital cable consumers have programming available

through on demand services, most of which are free to cable subscribers. With Apple TV or Sling Media's SlingCatcher, consumers with a wireless home network can stream almost anything they see on the Internet directly to their television. In a virtual sense, the broadband Internet connection is now just a few inches away from the television. And when it finally gets plugged in, it will open an infinite channel universe through which consumers will merely point-and-click, rather than change the channel.

But, even in the face of increased competition, broadcasters remain confident that the very best products and programming will still draw the most eyeballs. High-definition television is the killer application for television in the digital age. It may be more than a decade before the Internet can provide a comparable quality picture to an over-the-air signal. As the price of high-definition televisions continues to drop, consumers will look for the very best signal to fill their screens. And broadcasters will be there, providing local and national news, high-quality entertainment, and, when necessary, life-saving emergency information.

Broadcasters are not satisfied to merely provide the best signal to your television, however. They are actively looking to extend their content to other devices, including cell phones, as well. In the last six months, major technology companies have announced two exciting standards that could help broadcasters reach millions of consumers when they are away from their home televisions. Samsung's Advanced Vestigial Sideband (AVS) standard, and the LG/Harris MPH In-Band Mobile DTV System, each enable portable devices to receive broadcaster signals independent of a cellular network. Local broadcasters, with little infrastructure investment, can use capacity in their digital stream to accommodate each new standard, and reach on-the-go consumers with real-time, high quality video signals. Soon consumers will be able to catch *American Idol* or *The Office* on their cell phones just as they can

on their home televisions. The new technology will also work well with Mp3 players like the iPod, PDAs, and in-vehicle television screens, even at speeds as fast as 80 miles per hour. While latency issues and low quality have impeded adoption of mobile television by consumers in the United States, these new standards foretell a revolution for broadcasters and cellular companies alike.

All this evidence suggests that even in this Web 2.0 world, broadcasters will play a prominent role in the way consumers watch video long into the future. With the promise of digital television, and the advent of new distribution streams, broadcasters are well positioned to provide top quality video programming to every American, just as they have for the past 60 years. The National Association of Broadcasters, local television stations, and national networks look forward to working with Congress to ensure that free, over-the-air television remains an important part of any conversation about the future of video.