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ONE HUNDRED TENTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515-6115

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September 15, 2008

DENNIS B. FITZGIBBONS, CHIEF OF STAFF
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AND CHIEF COUNSEL

The Honorable Meredith A. Baker
Acting Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Assistant Secretary Baker:

The Committee has received the September 11, 2008, letter from Lily Fu Claffee, General Counsel of the U.S. Department of Commerce, submitting a legislative proposal to address a shortfall in administrative funds for the TV Converter Box Coupon Program (Program).

We are aware that the National Telecommunications and Information Administration (NTIA) anticipates that it may soon run out of administrative funds to distribute certain coupons to consumers as part of the TV Converter Box Coupon Program in the coming weeks and months. Specifically, we understand that absent additional administrative funds, NTIA likely will not be able to fully meet demand for the redistribution of unredeemed and expired coupons to other households.

As the Committee considers the Department's request that Congress enact legislation to provide NTIA with additional administrative funds for the Program, we respectfully request your answers to the following questions to better understand how to address this matter.

1. On July 10, 2008, we sent NTIA a letter to better understand why there was a shortfall in administrative funds for the Program and how best to address it. In its July 25, 2008, response, NTIA explained that its contract with IBM for the Program was a Requirements Contract that "did not limit the Government's ability to obtain additional coupons with funding resulting from coupons that were not redeemed and

had expired.”¹ In this letter, NTIA failed to state that it anticipated needing Congressional assistance to obtain additional administrative funds to make coupons that were not redeemed and had expired available to other households. Why did NTIA fail to indicate in its July 25, 2008, response that it might require additional administrative funds to fulfill Congress’s mandate that coupons that are not redeemed and have expired be made available to other households?

2. In a *Washington Post* article dated July 11, 2008, you were quoted as stating, “The Program has been very successful. . . . We anticipated coupons would be recycled and prepared for it.”² Please explain why, if NTIA prepared for the recycling of coupons, it is now seeking additional administrative funds from Congress.
3. NTIA’s second quarterly letter to the Committee on Energy and Commerce regarding whether additional funds will be needed for the Program, dated July 18, 2008, stated that NTIA was “exploring options, and is exercising its rights under its contract with IBM, to accommodate the incremental administrative expenses associated with the issuance of these additional coupons to new applicants. . . . NTIA is committed to ensuring that the Coupon Program can meet the high consumer demand for coupons.”³ Why did NTIA’s letter fail to explain to the Committee that NTIA’s commitment to ensuring the Program can meet high consumer demand might include a request for Congressional action to address a shortfall of administrative funds?
4. Absent Congressional action, on what approximate date does NTIA anticipate it will run out of administrative funds for the Program?
5. In light of the fact that households have requested more than 26.6 million coupons in the first eight and a half months of the Program and that six and a half months remain during which households may request coupons, how many coupons does NTIA predict will be requested over the life of the Program?
6. Section 1(a) of NTIA’s legislative proposal would grant NTIA the authority to avail itself of up to \$7 million from Sections 3005, 3006, 3008, 3009, and 3010 of the Deficit Reduction Act of 2005 (DRA) for administrative expenses of the Program. How many additional coupons does NTIA estimate that \$7 million would fund?

¹ Letter from Meredith Attwell Baker, Acting Assistant Secretary for Communications and Information, National Telecommunications and Information Administration, U.S. Department of Commerce, to The Honorable John D. Dingell, Chairman, Committee on Energy and Commerce, U.S. House of Representatives, Attachment (July 25, 2008).

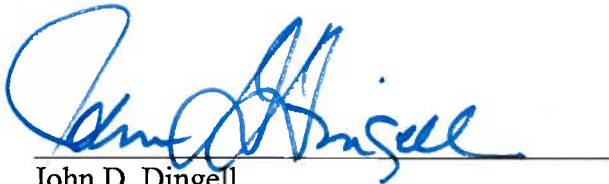
² Kim Hart, *Lawmakers Assail Digital TV Effort; ‘Lack of Planning’ Cited in Coupon Program for Converter Boxes*, *Wash. Post*, July 11, 2008, at D01.

³ Letter from Meredith Attwell Baker, Acting Assistant Secretary for Communications and Information, National Telecommunications and Information Administration, U.S. Department of Commerce, to The Honorable John D. Dingell, Chairman, Committee on Energy and Commerce, U.S. House of Representatives, at 1-2 (July 18, 2008).

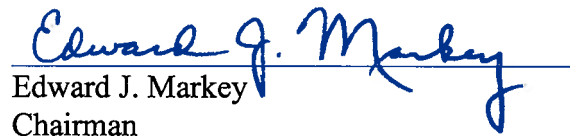
7. While Section 1(a) of NTIA's legislative proposal is capped at \$7 million, Section 1(b) of the proposal would allow NTIA to use additional amounts from Sections 3005, 3006, 3008, 3009, and 3010 of the DRA to compensate for a shortfall in administrative funds. Assuming that NTIA was not permitted to use sums from Section 3005 of the DRA, please specify the amount of money NTIA believes it could reprogram from each of Sections 3006, 3008, 3009, and 3010 of the DRA for administrative expenses of the Program.

Thank you in advance for your attention to this important and time-sensitive matter. We respectfully request a response by Friday, September 19, 2008.

Sincerely,



John D. Dingell
Chairman



Edward J. Markey
Chairman
Subcommittee on Telecommunications
and the Internet

cc: The Honorable Joe Barton, Ranking Member
Committee on Energy and Commerce

The Honorable Cliff Stearns, Ranking Member
Subcommittee on Telecommunications and the Internet