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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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CHAIRMAN

July 10, 2008

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

Dear Ms. Baker:

It has come to our attention that the National Telecommunications and Information Administration (NTIA) anticipates it will run out of administrative funds needed to distribute certain coupons to consumers as part of the TV Converter Box Coupon Program in the coming months. The TV Converter Box Coupon Program is critical to the success of the digital television (DTV) transition, as it helps ensure that consumers' analog television sets not connected to cable, satellite, or other multichannel video programming services are not rendered useless when broadcasters turn off their analog signals.

Specifically, we understand that NTIA will not be able to redistribute unredeemed and expired coupons absent additional funding. This will mean that although money for funding additional coupons will be available as previously distributed and unredeemed coupons expire, apparent mismanagement of NTIA's program implementation contract with IBM will result in a shortage of administrative funds necessary to process and mail these additional coupons to consumers.

The Deficit Reduction Act of 2005, which created the coupon program, provided for a limited number of coupons and mandated that each one have a 90-day expiration date so that unredeemed and expired coupons could be redistributed to other households. NTIA cited this provision in its first quarterly letter to the Committee on Energy and Commerce, dated April 11, 2008, which stated that "if a coupon is not redeemed within the statutory 90-day expiration period, the funding associated with that coupon becomes available again."¹

¹ Letter from Meredith Attwell Baker, Acting Assistant Secretary for Communications and Information, National Telecommunications and Information Administration, United States Department of Commerce to the Honorable

We are eager to learn how NTIA plans to remedy this error in planning and contracting. As NTIA and the Administration develop a plan to do so, we reiterate our firm view that no consumer should be left unprepared for the DTV transition. Failure to redistribute unredeemed coupons hinders the possibility of that outcome. It is therefore essential that NTIA follow Congress's intent and make expired coupons available to other consumers.

Specifically, we do not support reallocating funds that Congress set aside by statute to make 33.5 million TV Converter Box Coupons available to American households to cover these additional administrative expenses.

We respectfully request your answers to the following questions in order to better understand why there is a shortfall in administrative funds and how best to address this matter going forward.

1. The Request for Proposals (RFP) for the TV Converter Box Coupon Program provides that "33.5 million coupons could be distributed to consumers through the Program at the full funding level."² Why did the RFP state that the program was to distribute only 33.5 million coupons when NTIA was aware that expiring coupons might mean additional coupons would be available for distribution? Please explain in detail why the RFP failed to account for the redistribution of unredeemed and expired coupons.
2. Why did the contract with IBM for the TV Converter Box Coupon Program similarly state that the contract for the program was for the distribution of 33.5 million coupons?³ Why did the contract fail to account for the redistribution of unredeemed and expired coupons?
3. On what date did NTIA first realize that the RFP did not account for the redistribution of unredeemed and expired coupons?
4. On what date did NTIA first realize its contract with IBM did not account for the redistribution of unredeemed and expired coupons?

John D. Dingell, Chairman, Committee on Energy and Commerce, United States House of Representatives, Apr. 11, 2008.

² U.S. Department of Commerce/NOAA Solicitation, Offer and Award, Solicitation No. DG1335-07-RP-0050, at 12 Mar. 13, 2007. The RFP also states, "The total number of Coupon Distribution, Redemption and Payment transactions for CLIN 0002 based on funding is up to 22,250,000 coupons. . . . The total number of Coupon Distribution, Redemption and Payment transactions for CLIN 0003, entitled 'Contingent Funds Processing/Contingent Period,' based on receipt of Contingent Funds is up to an additional 11,250,000 coupons." *Id.* at 11.

³ The contract with IBM contains identical language to the RFP concerning the number of coupons that could be distributed to consumers through the program. See U.S. Department of Commerce/NOAA Award/Contract, Requisition/Purchase Request/Project No. NTIA4700-7-05298, at 11-12, Aug. 15, 2007.


5. On what date did NTIA inform the Secretary of Commerce that the RFP did not account for the redistribution of unredeemed and expired coupons?
6. On what date did NTIA inform the Secretary of Commerce that the contract with IBM did not account for the redistribution of unredeemed and expired coupons?
7. On what date did NTIA first approach IBM (or vice versa) to discuss the fact that insufficient administrative funds would result in consumers not being able to receive coupons for which they had applied and for which there was still funding available?
8. Why did NTIA's first quarterly letter to the Committee on Energy and Commerce regarding whether additional funds would be needed for the TV Converter Box Coupon Program not mention that NTIA might not be able to redistribute unredeemed and expired coupons due to a shortfall of administrative funds?
9. On what approximate date does NTIA anticipate it will run out of administrative funds for the first phase of the coupon program?
10. On what approximate date does NTIA anticipate it will run out of administrative funds for the second phase of the coupon program?

Thank you for your attention to this matter. We respectfully request a response by Thursday, July 17, 2008. Should you have any questions regarding this letter, please contact us or have your staff contact Amy Levine or Colin Crowell with the Committee on Energy and Commerce staff at (202) 226-2424.

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