

**Responses to December 19, 2008 Questions  
From Chairman Edward J. Markey**

1. Do you believe the DTV transition is on track for a successful switchover on February 17, 2009? If so, what are your metrics for determining “success”? Please provide a detailed explanation of these metrics.

**Various segments of the industry - including broadcasters, cable operators, satellite providers, telecommunications companies, manufacturers, and retailers - have all dedicated time and resources to spread the DTV message. During these final weeks before the transition, the Commission, along with its government, industry, advocacy, and grassroots partners, will continue to vigorously disseminate information about the transition.**

**With respect to measuring success, I believe that the following questions are relevant:**

- 1) Are broadcasters ready: 1) do we have the rules in place to permit them to construct their digital facilities; and 2) are there tools in place to help them continue serving their viewers?**
- 2) Are viewers aware of the transition?**
- 3) Are viewers prepared for the transition?**
- 4) Are rules being enforced?**

**We intend to take whatever actions are necessary to minimize the potential burden the digital transition could impose on consumers and maximize their ability to benefit from it.**

**Broadcaster Preparedness:**

**With regard to our efforts to prepare full-power broadcasters for the end of the transition, the Commission has in place the necessary rules to allow broadcasters to construct digital facilities. In fact, approximately 99.5 of stations have either completed construction of their digital facilities or are well on their way to completion. Specifically, as of November 30, 2008, nearly 93 percent of active full power television stations are either fully operational with digital service or are on track to have their full digital service operational by February 17, 2009. And, approximately 6.5 percent of all full power stations will take advantage of the flexibility offered by the Commission and will be serving at least 85 percent of their service population by February 17, 2009, with final operations beginning sometime thereafter.**

**In addition, the Commission continues to adopt rules to enhance stations ability to serve more of their viewers within their service areas. For example, we recently, adopted rules for the use of distributed transmission system (“DTS”) technologies in**

the digital television (“DTV”) service. DTS will provide broadcasters with an important tool for providing optimum signal coverage for their viewers. For some broadcasters that are changing channels or transmitting locations for their digital service, DTS may offer the best option for continuing to provide over-the-air service to current analog viewers, as well as for reaching viewers that have historically been unable to receive a good signal due to terrain or other interference. Furthermore, DTS may be a useful tool for stations to prevent some loss of service to existing analog viewers resulting from changes to the station’s service area in the transition to digital service.

And, today the Commission released a Notice of Proposed Rulemaking that proposes the creation of a new “replacement” digital television translator service to permit full-service television stations to continue to provide service to loss areas that have occurred as a result of their digital transition. This proposal would also allow broadcasters to apply for special temporary authority to use such translators during the pendency of the rulemaking.

**General Viewer Awareness:**

As a threshold matter, the Commission needs to work to ensure that as many Americans as possible – and in particular, those segments of the population that are predominantly over-the-air viewers including the elderly, people with disabilities, and minorities – are aware of the upcoming transition.

The consumer outreach and education activities that the Commission and other industry members have undertaken appear to have been effective. The National Association of Broadcasters (NAB) reported in October 2008 that the national awareness level is at 92 percent. This is up from 79 percent in January of this year. And recent NAB polling also indicates that minorities are increasingly aware of the upcoming transition. Specifically, NAB’s October poll shows significant increases in awareness among Hispanics and African-Americans. Specifically, NAB reported that 92 percent of Hispanic respondents were aware that broadcast television signals will be switching to an all-digital format, a four-point jump since NAB’s May survey. This number equals the national awareness level. The poll also found that African-American awareness of the DTV transition is at 86 percent, up one point from this past May. See “Poll Shows High Awareness of Digital TV Switch Among Minority Groups,” NAB, October 23, 2008.

While we certainly need to continue doing everything we can to educate consumers during these last two months before the transition, these trends are positive.

### **Viewer Preparedness:**

**As we learned in Wilmington, it is critical that people are not just aware of the transition but they must also be prepared for it. Just last week, Nielsen issued a new survey that found that “Unreadiness among U.S. households continues to decline, and the pace at which U.S. households are getting ready has increased. Between November 2008 and December 2008, the penetration of Completely Unready households in the U.S. declined by six-tenths of a percentage point – one of the largest drops we have seen since we began reporting readiness status in May 2008.” Nielsen, Client Communication, December 19, 2008, “The February 2009 Digital Television Transition: Update on the Digital Readiness of U.S. Households.”**

**We need to keep working at a local level to make sure that as many people as possible have applied for their converter box and properly hooked it up. In addition to the over 200 Commission employees around the country who routinely conduct DTV awareness sessions where they demonstrate how to hook up a converter box, the Commission has also sought bids. Specifically, the Commission has invited contracts from grass roots organizations and community-based organizations to help educate consumers, assist with converter box procurement and installation, establish and staff help centers, and conduct post-deadline assistance.**

**Finally, I note that the Commission will soon be adopting a Notice of Proposed Rulemaking implementing the Short-term Analog Flash and Emergency Readiness Act. To the extent that any viewers remain unaware of or unprepared for the transition, the temporary continuation of analog service should help alleviate customer confusion and ensure that these viewers have access to emergency information. We will develop and implement a program to implement this legislation no later than January 15, 2009, as required.**

### **Enforcement:**

**The Commission is continuing to enforce its DTV consumer education requirements. We are presently considering a proposed forfeiture of more than \$11 million against seven companies for failure to provide consumers with required transition information. The Commission will continue to monitor compliance with those outreach requirements and take action where appropriate.**

2. Do you continue to believe that funding for the TV Converter Box Coupon Program may be insufficient to meet demand? Please explain.

**While I do not have access to all of NTIA's projections and detailed analyses, I remain concerned that the total funding required to meet consumer demand for coupon redemptions may prove to be insufficient. My concerns are based on the recent increased demand for converter box coupons and increased coupon redemption rates. Specifically, the average of 227,714 daily coupon requests between December 10 and December 16, 2008 stands in contrast to the year-to-date average of 118,000 as**

**reported by NTIA on December 17, 2008. With increased outreach and soft-tests as we approach February 17, the number of daily coupon requests will continue to grow. The redemption rate for coupons is also increasing. For coupons expiring between the weeks ending November 14, 2008 and December 12, 2008, the average redemption rate was 57.9%. This is in contrast to the historical redemption rate of 52% as reported by NTIA on December 17, 2008.**

**I have attached my most recent letter to Rep. Dingell, that further details my concerns.**

3. Please indicate specifically how you intend to spend the remaining money appropriated to the FCC for consumer education efforts between now and February 17, 2009. Please provide an explanation of the assumptions upon which these allocations are based.

**See attached spending plan for the \$20 million Congress appropriated in the Fiscal Year 2009 Continuing Resolution.**

4. Please indicate specifically the amount of Commission funding for call center operations, specifying funds allocated to training of call center agents and new equipment as well as any outsourced hiring of agents.

**The Commission has currently allocated \$7,000,000 of the recent \$20 million appropriated by Congress to increase our call center capacity. In addition, we have allocated \$1,014,000 to support in-house call center operators and intend to increase this amount by at least \$250,000. \$1,010,000 more has been allocated for increased call center equipment and installation; \$122,000 has been allocated for call center support operations; and, \$220,000 has been allocated for telecommunication services and usage. In sum, the FCC intends to invest approximately \$10 million in support of its in-house and out-sourced call center operations. Approximately \$850,000 of the \$7,000,000 will be applied towards agent training.**

5. Please detail the amount of calls from consumers such funding will be capable of handling. Include as well the assumptions you make for call duration, expected surges in call volume, number of operators handling such calls, the training time required for such operators, and the total number of calls that could be handled in a single day. Please relate and compare these assumptions to the Wilmington switchover test.

**As an initial matter, we will need to work with our industry partners to handle anticipated viewer call volumes and provide viewers detailed local information. At the aforementioned levels, we anticipate that the Commission call center's in-house operations can accommodate 12,000 agent answered calls per day. Current plans allow for 2,300 agents. During the week of February 15 to February 21, the outsourced operations should be able to accommodate approximately 350,000 calls per day. These volumes are derived from several underlying assumptions. Central to all of these assumptions is that the transition in Wilmington is a reasonable test**

from which to predict the behavior of consumers nationwide. Although it is difficult to extrapolate nationally from one market, based on the Wilmington experience, we project approximately 2,150,000 agent-answered calls for the week of February 15 through February 21. The projected peak days are 2/18 and 2/19 with a potential 1,475,000 agent-answered calls.

Data from the time period surrounding the Wilmington transition indicates that 3.5 minutes is the average call length. Although this average has fluctuated since Wilmington, the Commission has taken steps to improve the efficiency of consumer interactions, and it is expected that call lengths will remain approximately 3.5 minutes. Peak hourly call volume, derived from projections based on Wilmington and through historical trends of our daily call volume distributions, indicate that up to 125,000 calls per hour may be received. To accommodate this peak call volume approximately 7,000 agents would be required.

6. Do you believe the Commission's efforts alone in this area are sufficient for the volume of consumer calls anticipated nationally?

As an initial matter, we will need to work with our industry partners to handle anticipated viewer call volumes and provide viewers detailed local information. Even if the Commission were to allocate the entire amount of the \$20 million Congress appropriated in the Fiscal Year 2009 Continuing Resolution for call center purposes exclusively that would still be insufficient to handle the entire volume of consumer calls anticipated nationally. The Commission, however, is planning to increase resources to expand its capabilities to handle a larger portion of anticipated call volume. Because call volumes prior to and after the transition will be substantial, however, additional call center resources from broadcasters, cable companies, states, and other organizations are critical to organizing a successful call center response for the DTV transition.

7. Do you believe that pledged private sector efforts will be adequate to handle any shortfall in the Commission's call center effort? If not, please indicate any contingency plan the Commission may have to address the shortfall in call center capability not met by the Commission's current effort or the voluntary pledges from the private sector.

On December 16, the National Association of Broadcasters (NAB) announced that it would establish a toll-free national hotline that would direct calls to an IVR call center. Given this announcement and other call center efforts underway by state broadcast associations and others, on December 19<sup>th</sup> I invited the NAB, state broadcasters Association, the four major television networks and the Obama transition team to meet at the FCC to discuss how we could coordinate and best integrate the call center resources of all our organizations to create scale and efficiency for the national DTV call center response.

At the December 16<sup>th</sup> meeting at the FCC, the four major networks stated that they supported the National Cable Television Association's plans to establish additional call centers that would be staffed with 4,000 to 5,000 live operators available to

**handle large call volumes during the peak calling periods prior to and during the transition. I asked these organizations to try to coordinate their voluntary efforts so that we could maximize our call center resources.**

**I understand that the NAB, NCTA, State Broadcasters, the major networks along with the Obama transition team met on December 22 to discuss the details of obtaining the efficiencies of integrating the different industry call center initiatives. I applaud this effort and believe it will be invaluable in assisting and supplementing the Commission's call center in responding to consumer inquiries regarding the transition.**

8. Do you believe more money should be appropriated by Congress to the FCC for additional call center operations to deal with the volume of calls expected nationally? If so, please indicate how much money you believe is necessary and detail any assumptions you make in determining this amount.

**The Commission has received \$20 million in additional funding, and plans to spend \$7 million of that on call center operations. Although it is difficult to predict call volumes during the transition, we anticipate that our call center efforts, when added to the call handling commitments of industry, other governments, and grassroots organizations, will be adequate to handle consumer questions.**

9. Please detail the plans the FCC has for hands-on field assistance to consumers in connection with the transition, including funds to be spent, training to be provided, and technical assistance to be made available.

**The Commission is working very hard to facilitate a smooth transition on February 17, 2009. We have divided the country into six regions (based on the Nielsen-defined regions) and established "Regional Supervisors" for each region. These supervisors are dedicated to managing the DTV outreach and education activities of the over 200 Commission employees engaged in outreach efforts. In particular, our efforts are focused on the 82 markets with the highest over-the-air populations. In these and other markets, the Commission is actively partnering with local government (e.g., libraries, senior centers, social services, school districts); local broadcasters; community and grassroots organizations; charitable organizations; faith-based organizations; professional, semi-professional and collegiate sports teams; and other community and regional stakeholders to educate consumers about the transition, and specifically, how to order converter box coupons and install converter boxes.**

**We plan to spend money to support DTV outreach by Commission staff, including direct-to-consumer contacts. See attached spending plan for the \$20 million Congress appropriated in the Fiscal Year 2009 Continuing Resolution. These measures include town hall meetings, exhibition booths, presentations at conferences and DTV awareness sessions that involve FCC staff traveling to local venues such as libraries and senior centers to make presentations about the**

**transition. These funds also include travel costs for “train the trainer” sessions, where FCC personnel train local stakeholder organizations on how to conduct their own DTV informational programs and events. In addition, these funds include support for the FCC’s national Town Hall initiative that involves the effort of more than 200 FCC employees both handling logistics and traveling to 81 cities and Puerto Rico to provide extensive support to communities in these places between now and continuing through the February 2009 transition.**

10. Do you believe more money should be appropriated by Congress to the FCC for additional consumer education efforts other than call center capability? If so, please detail what such efforts are and how much money would be necessary?

**The Commission has received \$20 million in additional funding, and plans to spend a large portion of that on outreach. We anticipate that our outreach efforts, when added to the commitments of broadcasters, cable companies, states, and other organizations will continue the current successful nation-wide outreach program.**

11. Please provide any other recommendations you may have to ensure a successful DTV transition.

**I believe that it is critical that all stakeholders continue to work together in disseminating the DTV message and in developing a coordinated call center plan in these final weeks prior to the transition. We also need to continue establishing partnerships at the local level so that there is a network in place to help consumers resolve technical challenges that will undoubtedly arise as the nation transitions to digital.**

**The industry has offered to set up call centers to assist us in fielding questions from consumers. The NAB recently estimated that there would be two million calls from viewers over the five days after February 17 – roughly half of which would occur in the first day, February 18. As they recognize, “answering those calls will require a coordinated effort by broadcasters, the Commission, and other stakeholders.” It is indeed in the country’s interest for all industry members to work together to answer viewers questions about the transition.**

**I also believe that it is critical that local call centers be established by local broadcasters to assist their viewers. Local broadcasters are best situated to answer questions about local signal reception and the local circumstances that may affect a particular viewer’s reception. It is imperative that viewers questions are responded to accurately and in a timely fashion.**

**To the extent that our industry partners continue to devote resources to preparing consumers for the transition, I believe that the Commission has sufficient resources. At the same time, however, we would always welcome any additional resources that Congress wishes to provide us. According to recent polling, as described above, consumers seem generally aware of the upcoming transition. This is a critical step.**

**The next challenge, however, is ensuring that these consumers are actually able to watch television after the transition in the same way that they were prior to the transition. In this regard, the focus needs to be on helping consumers hook up converter boxes and assisting them with technical issues. We would be pleased to devote any additional resources we are given on helping consumers at the local level and augmenting our call center operations to the fullest extent possible.**