

Congress of the United States

Washington, DC 20515

December 19, 2008

The Honorable Meredith 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 Ms. Baker

I am writing with respect to the digital television transition (DTV) and the TV Converter Box Coupon Program (the "Program"). As you know, I have been concerned for some time that this program may be insufficiently funded to meet anticipated consumer demand. As you also know, Federal Communications Commission (FCC) Chairman Kevin J. Martin has written previously and concurred with my long-standing funding concerns, stating that: "While I do not have access to all of NTIA's projections and detailed analyses, I am concerned that the total funding required to satisfy consumer demand may prove to be insufficient." (see:

[http://markey.house.gov/docs/telecomm/october 8 2008 - letter - response from fcc on rep. markey and chairman dingells sept. 15th letter questioning the administration on dtv transition administrative funding shortfall.pdf](http://markey.house.gov/docs/telecomm/october_8_2008_-_letter_-_response_from_fcc_on_rep._markey_and_chairman_dingells_sept._15th_letter_questioning_the_administration_on_dtv_transition_administrative_funding_shortfall.pdf)).

At the Subcommittee's sixth DTV oversight hearing of the 110th Congress on September 16, 2008, a witness from the Government Accountability Office (GAO) testified and submitted another GAO report on the DTV transition at my request. This report (GAO-08-1040) indicated that "NTIA's ability to handle volatility in coupon demand is unclear" and urged NTIA to develop contingency plans to address the predicted spike in coupon applications as the nation neared the DTV transition date. I requested of you at that hearing to provide the Subcommittee with such a contingency plan and on November 6, 2008 you submitted NTIA's "**Final Phase Plan for Distributing TV Converter Box Coupons.**" (see:

[http://markey.house.gov/docs/telecomm/dtv ntia final phase plan.pdf](http://markey.house.gov/docs/telecomm/dtv_ntia_final_phase_plan.pdf)).

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The Final Phase Plan reiterated that “NTIA projects that the Program would have funds available of at least 50.5 million coupons” and that the Final Phase Plan “assumes that the distribution of 50.5 million coupons is sufficient to meet demand and will work within the Program’s operational and statutory constraints.”

We are now within two months of the DTV transition date and there is precious little time remaining to act legislatively to bolster funding for administrative costs or for coupon money or other initiatives to assist consumers. Given that Congress will be returning in early January, it would greatly assist me to know the latest projections and plans the Administration has with respect to the overall DTV transition effort. I respectfully request answers to the following questions by no later than close of business on December 23, 2008.

- 1) Do you still believe that funding for just 50.5 million coupons issued is sufficient to meet consumer demand? If not, what is NTIA’s new projection? Does the Program have sufficient funding available to meet this new projected demand for coupons issued and redeemed?
- 2) Do you believe lifting the statutory cap on the Program will be necessary to meet expected consumer demand?
- 3) Are you concerned that the Program will soon hit a “ceiling” where committed funds for distributed coupons effectively prohibits NTIA from accepting orders for additional coupons? If so, when do you expect to hit this ceiling? Do you believe an exception to the Anti-Deficiency Act will be necessary to allow you to distribute more coupons?
- 4) Do you anticipate reaching a point where applications from non-over-the-air households are held and delayed, or denied? If so, when do you expect the Program to reach that point and how many consumers do you expect this to affect? Do you anticipate reaching a point where applications from over-the-air households are held and delayed, or denied? If so, when do you expect the Program to reach that point and how many consumers do you expect this to affect? What is the total number of backlogged requests that may never be fulfilled?
- 5) If Congress or the Administration wanted to issue all expected consumer requests for coupons through March 31, 2009, how many more coupons above the 50.5 million in the current plan will be necessary, how many coupons do you estimate will be redeemed, and how much additional funding would be necessary to cover this additional amount for both coupons and administrative expenses?
- 6) Do you still believe the DTV transition is on track for a successful switch-over on February 17, 2009? If so, what are your metrics for “success”? Please provide a detailed explanation of these metrics.

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- 7) Do you need additional funding for consumer education or other initiatives to ensure success? If so, please identify the initiatives and the amount of money you believe is necessary.
- 8) I understand that IBM estimates that the total number of convertor boxes available in inventory, production, and in the shipping pipeline through June 2009 is 11.2 million. Given NTIA's estimates for a total demand of at least 33.5 million boxes, what is the shortfall and when do you estimate that the boxes will be in inadequate supply on a local, regionally and national basis?

Thank you in advance for your time and attention in responding to this request.

Sincerely,

A handwritten signature in black ink that reads "Edward J. Markey". The signature is written in a cursive, flowing style.

Edward J. Markey
Chairman, House Subcommittee on
Telecommunications and the Internet

EJM/cc