



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

JUL 08 2009

June 25, 2009

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The Honorable Joe Barton  
Ranking Member  
Committee on Energy and Commerce  
U.S. House of Representatives  
564 Ford House Office Building  
Washington, D.C. 20515

Dear Ranking Member Barton:

Thank you for your June 11, 2009 letter regarding the transition by the country's full-power broadcast television stations to digital-only operation. I appreciate the opportunity to respond to your specific questions that relate to the Commission's DTV transition activities.

When I became the Commission's Acting Chair in late January, the government lacked a committed and coordinated strategy regarding the DTV transition and how to assist consumers in preparing for it. I firmly believe that the extension of the transition deadline from February 17 to June 12 resulted in substantial benefits to the American public. This additional time, coupled with the funding provided by the American Recovery and Reinvestment Act (ARRA), allowed the Commission to develop and implement a plan for consumer outreach and support, in coordination with both the public and private sectors. We were able to deploy additional staff in at-risk markets and to contract with vendors to assist the Commission staff by offering in-home converter box installation assistance and providing DTV walk-in centers and clinics. We also revamped our DTV webpage ([www.dtv.gov](http://www.dtv.gov)) to provide more specific information on the transition, such as what digital signals are available at a particular location and how consumers can obtain assistance in their communities. Finally, we established a national call center with up to 4,000 trained call agents to handle the expected call volume, and provided agents with improved reference tools to quickly and accurately respond to those inquiries.

It is clear to me that these efforts contributed significantly to the nationwide transition. According to Nielsen, the number of completely unprepared households dropped by sixty-five percent from February 1, 2009. Equally important, the call center, in-home assistance and other measures we were able to put in place meant that, where consumer disruption did occur, we were able to respond much more quickly and comprehensively than would have been possible four months earlier.

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My responses to the FCC-related questions in your letter (4 and 5b) are attached. Please let me know if I can be of further assistance.

Warm regards,

A handwritten signature in blue ink, appearing to read "M. Copps", written in a cursive style.

Michael J. Copps  
Acting Chairman

Enclosure

## RESPONSES TO FCC-RELATED QUESTIONS FROM JUNE 11, 2009 LETTER

4. **At least 17 broadcast stations won't make the transition to digital because they are going bankrupt, according to the June 4 issue of *Communications Daily*. Is it possible that the hundreds of millions of dollars that the delay cost the broadcast industry pushed these stations over the edge?**

**Response:** As an initial matter, it is important to note that the DTV Delay Act had the support of virtually all of the major stakeholders in the DTV transition – including the National Association of Broadcasters, the major television networks, and many large station group owners. In addition, and partly in recognition of the potential financial burden that the four-month delay placed on broadcasters, the Commission gave stations the flexibility to make the transition early if they wished. Indeed, more than 42 percent of television stations exercised the option to terminate analog service before June 12 – most on the original transition deadline of February 17.

Finally, I understand that the group of stations referenced in the June 4 *Communications Daily* article filed for bankruptcy on December 8, 2008, well ahead of the original DTV transition deadline of February 17 and the enactment of the DTV Delay Act. Thus, the delay does not appear to have been the immediate cause of these licensees encountering the financial difficulties that resulted in their seeking bankruptcy protection. It is my hope that, with the actions of the trustee and the guidance of the bankruptcy court, these stations will resume their service to the public, in digital, by the end of this year.

5. **The Commerce Department has transferred almost \$70 million in stimulus funds to the FCC for DTV-related expenses.**

- b. **How is the FCC exercising oversight over that money? What performance measures did the FCC put in place to evaluate grant requests? For example, multiple FCC grants of between \$500,000 and \$1 million have gone to “walk-in centers,” some of which do not appear to have opened before last month. How did the FCC determine that these centers would make enough of an impact in the 30 days left before the transition to justify that kind of money? And what performance measures has the FCC put in place to track how effectively the money is used once granted? For that matter, what anti-fraud measures has the FCC put in place? There are already rumors that some walk-in centers that received grant money don't even exist. Is that true?**

**Response:** The Commission put multiple controls in place designed to ensure that the contracts issued in support of the nationwide DTV transition were properly managed and met the requirements for transparency, accountability, and protection against waste, fraud, and abuse. The specific procedures and oversight undertaken by Commission staff are outlined below.

- o Contracting Process: On April 15, 2009, the Commission received approximately \$65 million in ARRA funds in a transfer from the Commerce Department. The Commission immediately commenced work to issue Requests for Quotations (“RFQs”). As required by OMB Memos M-09-10, M-09-15, and FAR Subpart

actions are not yet fully concluded at this time. An additional four contracts were cancelled at the request of the vendors.

- As of June 23, more than 53,000 consumers have been helped by DTV walk-in centers or clinics, which have offered more than 17,000 installation demonstrations. In addition, installation vendors have performed an estimated 75,000 successful installations nationwide.