

Before the
Senate Commerce Committee

The Transition to Digital Television – Hearing II

Statement of Gary J. Shapiro
President and CEO
Consumer Electronics Association

July 12, 2005

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Executive Summary

CEA strongly supports the enactment of a hard deadline for the end of analog broadcasting. A hard deadline will bring certainty to the DTV transition. It will provide a “win-win” scenario for all stakeholders, while fostering innovation and strengthening homeland security and public safety. We urge you to include a hard analog cutoff date in any DTV legislation.

DTV sales continue to increase rapidly. The first quarter of 2005 brought the greatest volume of DTV sales ever recorded, with 3 million DTV products accounting for more than \$4.7 billion of consumer investment and contribution to the robust US economy. Including set-top boxes, by 2009 we will have sold 97 million DTV tuners, and we estimate that over the air tuners will be found in 86 percent of American homes. Meanwhile sales of analog sets are declining precipitously.

The CE industry has every business incentive to educate consumers about the qualities and features of the DTV they want to purchase. That is why CEA has taken the lead on consumer education and runs an extraordinary promotional effort to ensure that consumers are fully informed about their DTV options.

The way we watch TV has fundamentally changed over the last 30 years. For the vast majority of Americans, television is now a wired service. Meanwhile, a relatively small and declining number of households rely exclusively on a free over the air antenna signal. The simple fact is that, while an analog broadcasting cut-off is important for our nation, it will have little practical impact on the viewing habits of the vast majority of Americans.

CEA endorses a hard deadline, and offers suggestions to bring about a more expeditious transition. Specifically, we recommend:

DTV Tuner Mandate Acceleration: an overly aggressive acceleration of the mandate for 13” to 24” sets and other TV reception devices (such as VCRs, DVD and DVRs) would dramatically increase – perhaps even double -- the price of the most affordable small-screen TV sets, or force manufacturers to not produce those models rather than be in noncompliance. Either result would disproportionately harm lower-income

consumers, including minorities and seniors. While manufacturers have relied in good faith on the existing July 2007 date, CEA believes that March 2007 is the earliest possible date, consistent with the manufacturing and retail placement cycle, for the integration of digital reception capability into 13" to 24" sets and other devices having an analog tuner. Any deadline prior to March 2007 will only result in the absence of smaller TVs and other products from the marketplace as they are pulled from distribution in advance of the deadline.

Digital Carriage and Non-Degradation: When cable operators are carrying broadcast signals digitally, they should not be allowed to reduce the sound or picture quality or alter or eliminate program related data. If a broadcaster provides HDTV programming and Dolby Digital surround sound, then that is what cable viewers should see and hear.

Television Labeling: CEA supports educational labels on analog televisions when paired with the certainty of a hard date. Given the realities of the manufacturing cycle, manufacturers will need approximately 120 to 180 days to include the labels on the product itself, or 90 days if the label is designated as a sticker to be placed on the outside of the product packaging.

Channel Allotments: CEA supports a timetable of December 31, 2006 as the final date for the FCC to issue final broadcaster channel allotments, and an additional seven months to conclude any reconsideration of such allotments. We urge the Committee not to extend the reconsideration period beyond seven months, as this could cause the final end date for analog broadcasting to slip to 2010.

Broadcaster Disclosures: The Committee should require the number of ads to exceed more than two per day and impose separate educational requirements on networks, as well as local broadcasters. The broadcasters are a powerful and effective communications medium and it is essential that they step up and do their part to educate the nation about the transition to digital television.

Broadcaster Compliance: Ensure that broadcasters comply with Federal Communications Commission maximization/replication requirements. As of today, more than 100 stations have requested a waiver and extension of the FCC's July 1, 2005 requirement for maximization and replication for stations affiliated with a top-four network and located in the top-100 markets. Broadcasters must stop their foot-dragging and comply with FCC rules to ensure a successful and rapid transition.

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Mr. Stevens, Mr. Inouye and Members of the Committee:

Thank you for inviting me to discuss our nation's progress in the transition to digital television (DTV), and the steps that should be taken to conclude the transition in the most beneficial and understandable manner.

I represent the Consumer Electronics Association (CEA), the principal U.S. trade association of the consumer electronics and information technology industries. CEA's 2,000 members include virtually every DTV manufacturer. Our members invented DTV, and we are thrilled by its astounding marketplace success. CEA also represents the cutting-edge information technology companies who will use the recovered analog broadcast spectrum to provide all Americans with innovative new wireless products and services.

CEA strongly supports the enactment of a hard deadline for the end of analog broadcasting. A hard deadline will bring certainty to the DTV transition. It will provide a "win-win" scenario for all stakeholders, while fostering innovation and strengthening homeland security and public safety. We urge you to include a hard analog cutoff date in any DTV legislation this committee considers.

DTV Sales Continue to Rapidly Increase

Our most recent sales figures show that the first four months of 2005 brought the greatest volume of DTV sales ever recorded, with 3 million DTV products accounting for \$4.7 billion of consumer investment and contribution to the robust US economy. This is a remarkable 45 percent increase in unit sales from the same time period in 2004.

More than 17 million DTV products have been sold since the first HDTV sets hit the market in the fourth quarter of 1998. Americans already have invested an astonishing \$25 billion in DTV products. HDTV is the driver behind these phenomenal sales figures, with high-definition displays and receivers representing 85 percent of the DTV products sold to date.

Sales are being driven by the rapid price declines that are typical of our industry. DTV prices are 75 percent lower than they were five years ago and are still declining by approximately 15 percent each year. Today there are numerous DTV options under the \$700 mark and even some expected soon for as low as \$400. Over the next two years, our members plan to introduce \$60 digital-to-analog converters that will allow analog TVs to receive digital TV broadcasts.

Meanwhile, DTV products have spread from specialty retailers and major consumer electronics chains into warehouse clubs, mass merchants, and now discount stores like Wal-Mart and Target.

When consumers walk into retail stores, they now enjoy an unprecedented variety of DTV products to meet their needs and budgets. Buyers can choose from a vast array of compelling displays from traditional CRT sets to cutting-edge new technologies like plasma, LCD, DLP, and LCoS.

Most important to the current debate is the fact that consumers now can choose from 200-plus “integrated” models that include over-the-air ATSC tuners.

To put this in perspective, digital television has been adopted twice as quickly as color television. While it took color television ten years to achieve 5 percent penetration from introduction, digital television products are already in 16 million American homes.

Indeed, overall revenues from digital TV now outpace those from analog TV. Television manufacturing is now a digital industry.

As impressive as those numbers sound, we are only beginning to move up the “hockey stick curve” of sales, especially with respect to integrated DTV sets equipped with digital over the air (ATSC) tuners. CEA forecasts that 9 million integrated DTVs will be sold this year, 16.7 million in 2006, 27 million in 2007 and 33 million in 2008.

Including set-top boxes, by 2009 we will have sold 97 million DTV tuners, and we estimate that over the air tuners will be found in 86 percent of American homes.

At the same time, sales of analog sets are declining precipitously. We project sales to decline 36 percent in 2006, and an additional 53 percent in 2007.

CEA is the Leader in DTV Consumer Education

The CE industry has every business incentive to educate consumers about the qualities and features of the DTV they want to purchase. That is why CEA runs an extraordinary educational effort to ensure that consumers are fully informed about their DTV options.

Just last month the National Association of Consumer Agency Administrators (NACAA) presented CEA and the FCC with the prestigious Achievement in Consumer Education Award for our joint efforts in informing consumers about the transition to DTV, and helping consumers make the digital choices that are right for them. We are committed to continuing our educational efforts with the FCC

and invite all interested parties to join in our campaign to inform Americans about the digital transition.

As the primary conduit to consumers, it is critical that retail floor staff is properly equipped to provide accurate and easy-to-understand information.

CEA aggressively responded to this challenge and created a comprehensive DTV retailer-training program called CEKnowHow (it can be viewed online at www.cknowhow.com). This program is available to all retailers over the Internet. It equips them with the most up-to-date online training for sales associates, so that they can effectively respond to consumer inquiries on DTV and HDTV.

CEA also designed, printed, and made available to retailers a “tip sheet” that explains the DTV transition and basic DTV terms and technology. In late 2004, CEA partnered with the FCC and the Consumer Electronics Retailers Coalition (CERC) to distribute more than 750,000 copies of the tip sheet to consumers, retailers, and professional home theater installers.

More recently, the Consumer Electronics Retailers Coalition (CERC) issued its own retail consumer guide, “What you need to know about the “DTV Transition” – A Dozen Questions & Answers,” that focuses on the choices that consumers will have when analog broadcasting ends. This is available at www.ceretailers.org.

Over the last year, CEA also visited with major consumer electronics buying groups and talked to more than 2,000 dealers to bring them the latest information on the DTV transition. We have collaborated with Comcast on an educational DVD that covers DTV information ranging from basic definitions to the equipment required to receive and view HDTV content via antenna, satellite or cable delivery.

CEA also is making every effort to reach out directly to consumers. Millions of readers across the country saw our inserts in TV Guide and Sports Illustrated magazines explaining the basics of DTV, how to get a signal, what product choices are available, and so on. We also have showcased HDTV before hundreds of thousands of consumers through exhibits at home design shows and trade exhibitions and viewing parties in public venues across the nation.

CEA exposes millions of consumers to HDTV through our nationally pre-packaged video and news releases, as well as our national CEA media tour. And our quarterly HDTV Guide is the single most authoritative list of the DTV products and programming currently available.

Meanwhile, CEA has taken the lead in promoting consumer awareness and use of over-the-air digital television reception. Through our AntennaWeb program, consumers can visit a website (www.antennaweb.org), enter their home address, and find the optimal outdoor television antenna for their specific location. This site receives approximately 100,000 hits per month.

We also see it as our obligation to recognize those who are going above and beyond the call of duty in furthering the DTV transition. Every year, our Academy of DTV Pioneers honors the best of the best in HDTV programming, reporting and retailing. And, as it should be, every year the categories get more crowded and competitive.

This is just a sampling of CEA's strong commitment to educating consumers and retailers about the DTV transition.

In short, for the DTV transition, everything is moving rapidly in the right direction. Product sales continue to rise, as prices decline. The amount and variety of HDTV programming continues to increase. Content delivery industries are increasingly jumping onto the HD bandwagon. Exciting new products are rolling

into the marketplace. Consumer and retailer education is advancing. By almost any measure, digital television is a marketplace success.

Now is the appropriate time to take the next step and bring the broadcast digital transition to a successful conclusion, just as envisioned by this Committee when the Congress loaned public spectrum to the broadcasters for the DTV transition a decade ago.

The Time for a Hard Deadline is Now

The 700 MHz band currently occupied by analog broadcasters is beachfront property on the spectrum landscape. The prompt recovery of this spectrum by Congress will produce immense public interest and economic benefits while fostering innovation and protecting our national security.

First, the analog TV broadcast spectrum is ideal for advanced wireless broadband applications. A hard date will spur innovators to develop a broad range of new wireless technologies and services. These new wireless services will offer unprecedented access to rural and underserved areas, while creating competition that will drive down prices for all wireless consumers.

A hard date also will fundamentally change and accelerate the DTV marketplace. With the certainty of a hard deadline, stations will know what to broadcast, manufacturers will know what to make, retailers will know what to stock, and consumers will know what to buy. With the completion of the digital transition now an imminent reality, all affected industries will shift our consumer education efforts into an even higher gear.

But the rationale for a hard date goes deeper than promoting new technologies and broadband access. As reinforced by recent evacuation of the White House and this Capitol, the gravest threat to our safety is another national calamity like

we suffered on September 11, 2001. It is now more apparent than ever the 700 MHz band held by broadcasters is essential to the swift and effective response of Homeland Security, police, firefighters, and other first responders.

That is why the Association of Public Safety Communications Officials has implored you to set an analog broadcasting cutoff date, stating that “the security of our homeland and the lives and property of our citizens as well as our responders are at stake.”

The key to unleashing these benefits is for a hard date to be set, and set now.

The Vast Majority of Americans Now Choose Cable or Satellite to Provide their Television Programming

Americans now have more ways to receive video programming than ever before. The vast majority of Americans receive local and network broadcast signals via cable and satellite (and will soon have these services available via telephone, mobile and wireless broadband). Meanwhile, the statistics show that a small and declining number of households now rely exclusively on a free over the air broadcast signal, and a minimal number of TV sets are actually used to watch broadcast TV.

If there is any doubt about this, consider the total lack of public outcry over the recent announcement that Monday Night Football, a long a staple of broadcast TV, will soon be available only to satellite and cable households.

Indeed, our research shows that only 32.7 million (or 11.5 percent) of the 285 million television sets used in the United States are used to view over-the-air television programming.

This phenomenon is driven by the fact that television today is largely a wired (ie cable or satellite) service. Of the nearly 110 million American homes with at least one TV, 60 percent receive a cable signal and 24 percent receive a DBS signal. Our research shows that roughly 2 percent receive both cable and DBS, while another 2 percent of homes use their sets exclusively with VCRs, DVD players, or videogame systems and do not use their sets with over-the-air or subscription services.

In total, approximately 86 percent of American homes get their TV signal from cable or satellite (and thus network and local broadcast feeds). This means that if the analog cut off occurred today, approximately 12 percent of the population of 110 million TV households would not have access to a broadcast signal through cable or satellite.

And this number is shrinking every year. Cable and satellite penetration continues to grow by about one to two percentage points annually. What's more, the market research firm Sanford Bernstein has just concluded that cable and satellite subscribers are growing 3.6 percent annually.

With only 32.7 million sets used to view over-the-air television, it is clear that the vast majority of TVs in the U.S. are not used for this purpose. The number of over-the-air homes will decline even further as more and more Americans pay to subscribe to TV services, including new technologies such as Internet-Protocol TV, and television via telephony and over powerlines. Additionally, growing broadband penetration will continue to change how Americans receive their programming. In fact, broadcasters are increasingly providing their content through other means including the Internet and mobile phones. Just recently, Verizon announced a deal where it would provide NBC's feed over its fiber network.

With respect to consumers with neither cable nor satellite, our research shows that this population's decision not to subscribe generally is not driven by economic reasons. Indeed, our data shows that 68 percent choose not to subscribe for a reason other than cost – with almost a third reporting that they do not subscribe because they “don't watch that much TV.”

Those who do not subscribe to cable or satellite watch on average 30 percent less television per week than cable and satellite subscribers. Nearly six of ten say television simply is not a high priority for them. Fewer than three in ten indicate that insufficient funds play a role in their decisions not to subscribe to cable or satellite television.

I should note that this population of over-the-air households does not eschew technology. Seventy-nine percent of antenna-only households own a home radio; sixty percent own a cell phone and desktop or laptop PC; and forty-eight percent have some type of dial-up or broadband Internet connection.

Some opponents of a hard deadline raise concern about the unconnected analog TV sets in households that subscribe to satellite or cable TV, and claim that most of these sets are used with antennas for watching over the air analog signals. In fact, primary viewing most often occurs on the TV that is connected to pay services. Of the 173.3 million sets in cable homes, only 4.4 million are used to receive over-the-air broadcasts. More often, the unconnected TVs are shunted to a less used room and hooked up with a DVD player, VCR, or video game. Indeed, our research shows these sets are used at least half the time for one of these many alternate uses. In addition, as many cable companies no longer have a monthly charge for additional outlets, this issue has become increasingly irrelevant for cable homes.

In households utilizing an antenna, TVs connected to the antenna are often primarily used for an activity other than watching broadcast television. Of the

25.9 million sets in exclusively over-the-air homes, 3.4 million are used exclusively for watching pre-recorded content, playing video games, and other non-broadcast uses. Further, in these households, the TV connected to an antenna is used approximately 40 percent of the time with DVD players, VCRs, and videogame systems.

Our research indicates that three-quarters of antenna-only households are willing to take some sort of voluntary action to ensure that they continue to receive television programming when analog broadcasts end. Twenty-two percent indicated that they would buy a new TV capable of receiving DTV signals; forty-two percent would buy a \$60 set-top converter; 9 percent would start subscribing to cable or satellite; and 22 percent would do nothing since the TV isn't used to watch over-the-air broadcasts.

At the same time, we must acknowledge that some consumers may be adversely impacted by a hard date. That's why we respect and understand the interest of some policy makers in creating a program whereby those viewers would have access to low cost digital to analog converters. In the past, our members have testified that, with economies of scale, converter prices will be in the \$60 range by the time of the proposed cut-off date. One extremely serious development that will interfere with this projection would be the imposition of state or national energy usage mandates on converters, which would adversely impact converter price and availability.

By the time of a year-end 2008 cut-off -- combining present adoption trends for cable and satellite and forecasts for uptake of recently announced TV services from telcos like Verizon and SBC, as well as the jump in purchases likely to occur with a hard cut off date -- the number of American homes that would lose their primary video signal will likely would be closer to 6.8 percent.

We are aware that certain other surveys purport to show a much higher level of reliance on over the air broadcasting. However, CEA stands firmly by our survey and data results. We are extremely proud of our longstanding dedication to providing accurate and sound information to policymakers, the technology industry and the financial community.

Compared to other surveys, our data is extremely comprehensive. To our knowledge, CEA's new research is the only survey that asks about the specific usage of each and every individual set in a household. Unlike other surveys, we also limited our survey to TVs in the household that had been turned on within the prior three months, thereby allowing us to have an accurate, real world analysis of TVs that are actually in use.

The accuracy of the various survey methodologies and results are important because they indicate the potential cost of proposed programs to minimize the viewer impact of the analog cutoff. We are glad to provide CEA's complete survey documents and offer to further analyze the data in any way that assists Congress in developing proposals to minimize viewer impact.

The simple fact is that, while an analog broadcasting cut-off is important for our nation, it will have no impact on the viewing habits of the vast majority of Americans. We believe the types of education and public awareness steps that have been discussed with your colleagues can effectively address the needs of those who wish to rely only on broadcast television.

CEA Endorses a Hard Deadline, and Offers Suggestions to Bring about a More Expeditious Transition

In the United States, the transition to digital television has always been envisioned as having two purposes. The first was to bring the wonders of digital TV and especially high-definition TV to American consumers. The second was to capture the public interest and economic benefits of the return of the analog spectrum.

We are now well on our way toward accomplishing the first objective and it is appropriate that we turn our attention to the second.

CEA unequivocally endorses the establishment of January 1, 2009 for the recovery of the analog spectrum. The setting of a date certain will benefit consumers as spectrum is reallocated for purposes ranging from public safety communications to exciting new services such as wireless networking and Internet access.

CEA offers a number of suggestions that will help this Committee craft legislation to hasten the digital transition, while ensuring the most expeditious, practical, and consumer friendly result.

Specifically, we recommend the following:

1. Tuner Mandate Acceleration: A current FCC proceeding seeks comment regarding the acceleration from July 1, 2007 to no later than December 31, 2006 of the requirement for manufacturers to include over the air tuners in 13 to 24 inch sets and other TV reception devices (such as VCRs, DVD and DVRs).

In terms of any proposals to accelerate the tuner mandate requirements, we are concerned that any proposed changes in the existing requirements would severely reduce the retail market for these products.

Manufacturers need a minimum of 18 to 24 months to plan, develop and deploy new equipment. An accelerated tuner mandate could force some manufacturers who determine that meeting the new regulations is not feasible (and fear inability to comply with the FCC's regulations) to move to tunerless sets or to stop manufacturing altogether the small-screen TV models which cannot be fitted with

digital tuners—which many manufacturers are reluctant to do and which would defeat the purpose of the tuner mandate itself.

Even if manufacturers were able to meet a foreshortened production schedule, a date any earlier than March 2007 could result in cost increases that the marketplace cannot sustain. Of course, this assumes that legislation would be enacted in September 2005 to ensure an 18-month manufacturing schedule that would enable manufacturers to meet a March 2007 date. Some of our members believe that accelerating the tuner deadline for 13 to 24 inch sets and other TV reception devices to any earlier than March 2007 would double the development costs for manufacturers, as well as double the price of a typical 13 inch television to consumers. Retailers have pointed out that their customers buy TVs in this product category often out of necessity; many buy a \$69 TV on a layaway plan. If the product is rejected by lower income and other consumers because the price exceeds their budget, it will not be carried by retailers and, eventually, not produced by manufacturers. This helps neither broadcasters, consumers, nor the transition, and irrespective of any later subsidy plan, places the burdens of the transition on those who can least afford it.

The FCC and the Congress have consistently recognized the 18-month manufacturing cycle when they have imposed requirements on TV set manufacturers. The V-chip and closed captioning regulations are key examples.

The unfortunate result of an overly-aggressive acceleration of the tuner mandate deadlines would be to decrease the number of DTV tuners in the marketplace, which clearly does not serve the transition.

We recognize there is a growing consensus that some acceleration of the FCC's present July 1, 2007 deadline is desirable. While manufacturers have relied in good faith on the existing July 2007 date, CEA believes that March 2007 is the earliest possible date, consistent with the manufacturing and retail placement

cycle, for the integration of digital reception capability into 13” to 24” sets and other devices having an analog tuner. Any deadline prior to March 2007 will only result in the absence of smaller TVs and other products from the marketplace as they are pulled from distribution in advance of the deadline.

A March 2007 date allows time for economies of scale to develop. This will lessen the “sticker shock” for consumers, allowing these products a chance to compete against less expensive, tuner-less alternatives. Indeed S. 1268 (the SAVE LIVES Act) sponsored by Senators McCain and Lieberman, proposes a March 1, 2007 date in order to minimize market disruption and consumer harm.

2. Digital Carriage and Non-Degradation: We urge the Committee to address the important issue of signal degradation, and ensure that a digital signal is carried under all circumstances. It is fundamental that when cable operators are carrying broadcast signals digitally, they should not be allowed to reduce the sound or picture quality or alter or eliminate program related data. American households—most of whom are cable customers--have invested more than \$25 billion dollars in high-definition televisions. If a broadcaster is providing HDTV programming and Dolby Digital surround sound, then that is what HDTV owners who subscribe to cable should see and hear.

3. Television Labeling: CEA fully supports educational labels in connection with analog televisions when paired with the certainty of a hard date. However, manufacturers will need 120 to 180 days to include the labels on the product itself to incorporate this extra step into the manufacturing cycle. A period of 90 days would be required if the label is designed as a sticker placed on the outside of the product packaging. Any shorter notice would mean that highly automated production lines would have to be stopped and re-organized at great cost, or else the labels would have to be added manually at similarly great cost. Conversely, with enough advance notice to automate the labeling process, labeling is of course a much less significant cost.

Retailers also have accepted an obligation, once a hard date is set, to display consumer advisory labels in the vicinity of sets with only analog tuners and in their web-based marketing – in each case with some variations according to the store arrangement and means of display. Additionally, they have indicated that they plan to assist their customers with supplemental materials and to propose options to their customers targeted to the customer’s specific needs. In order to prevent screen damage upon removal by a consumer or retailer, consideration should be given regarding the necessity of placing the label “on the screen” so long as it is attached to the product as shipped.

CEA urges that any label language should be concise – otherwise, consumers may not read or understand it. CEA and the Consumer Electronics Retailers Coalition recommends the following language:

“This TV has only an ‘analog’ broadcast tuner so will require a converter box after [date] to receive over-the-air broadcasts with an antenna, because of the transition to digital broadcasting on that date. (It will continue to work as before with cable and satellite TV systems, gaming consoles, VCRs, DVD players, and similar products.)

We suggest that the FCC be tasked to work with industry and consumers to develop an appropriate label along these lines, as proposed in S. 1268, the SAVE LIVES bill.

4. Channel Allotments: CEA supports a timetable of December 31, 2006 as the final date for the FCC to issue final broadcaster channel allotments, and an additional seven months to conclude any reconsideration of such allotments. We urge the Committee not to extend the reconsideration period beyond seven months, as this could cause the final end date for analog broadcasting to slip to 2010.

5. Broadcaster Disclosures: In light of our own aggressive consumer education efforts, CEA has been disappointed with the paltry level of DTV consumer education offered by the broadcasters to date, especially the almost complete lack of broadcaster-sponsored public service announcements (PSAs). We urge the Committee to address this issue, and we urge that any legislation require increased broadcaster consumer education activities. Specifically, the Committee should consider starting the required announcements at least one year before analog shut-off, and increasing the number of ads from two per day – at least in months closest to the analog shut-off - and imposing separate educational requirements on networks, as well as local broadcasters. This makes sense because broadcasters are the ones with a vested interest in transitioning the remaining over-the-air viewers to digital. Broadcasting is a powerful and effective communications medium, and it is essential that the broadcasters themselves step up and do their part to educate the nation about the transition to digital television.

6. Broadcaster Compliance: Ensure that broadcasters comply with Federal Communications Commission maximization/replication requirements. As of today, more than 100 stations have requested a waiver and extension of the FCC's July 1, 2005 requirement for maximization and replication for stations affiliated with a top-four network and located in the top-100 markets. Broadcasters must comply with FCC rules to ensure a successful and rapid transition. Despite the broadcasters' words about the importance of the DTV transition and all they have expended to convert to digital, the real test is what they are doing. They are seeking extensions and waivers today, just as they have been doing for the last five years. Only a hard shut-off date enacted into law will make them realize that the DTV conversion is inevitable and for real.

Conclusion

Setting a realistic date certain for the end of analog broadcasting and the recovery of the analog spectrum for new purposes is the right thing to do. It is right for consumers, it is right for innovation, and it is right for America's national security. A hard deadline will help foster the creation of new, high-skill jobs, and it will promote America's technology leadership in an increasingly competitive world.

We commend the Committee for its efforts to bring the broadcast DTV transition to a successful and timely conclusion. In the meantime, we will continue our efforts to educate consumers about digital television. I pledge CEA's continuing commitment to working with this committee and other stakeholders to ensure the most timely and consumer friendly transition, as well as a prompt return of the analog broadcast spectrum.