



**TESTIMONY OF KYLE MCCLARROW
PRESIDENT & CEO
NATIONAL CABLE & TELECOMMUNICATIONS ASSOCIATION**

on

**THE DIGITAL TELEVISION TRANSITION:
GOVERNMENT AND INDUSTRY PERSPECTIVES**

before the

**COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE
WASHINGTON, DC**

OCTOBER 17, 2007

Chairman Inouye, Vice-Chairman Stevens and Members of the Committee, my name is Kyle McSlarrow and I am President and CEO of the National Cable & Telecommunications Association. NCTA represents cable operators serving more than 90 percent of the nation's cable TV households and more than 200 cable program networks. The cable industry is also the nation's largest broadband provider of high speed Internet access after investing \$110 billion to build out a two-way interactive network with fiber optic technology. Cable companies also provide state-of-the-art digital telephone service to millions of American consumers.

In roughly 15 months, this country will embark on a dramatic change in over-the-air broadcast television. A successful transition to an all digital broadcast system will make valuable spectrum available for public safety, increase choice and competition through wireless broadband services, and deliver significant benefits to television viewers.

Nearly two years ago, I testified before this Committee and made one overarching commitment to you. Although this is a broadcast television transition, the hard date of February 17, 2009 represents a unique moment and a unique opportunity, and I committed to you that the cable industry would do its part to ensure the transition's success in two significant ways.

First, despite our firm and long-held view about the Constitutional infirmities of a government-mandated regime that requires cable operators to carry all must carry broadcast stations in both digital and analog formats, we committed to provide a seamless transition for all of our consumers, analog and digital alike. As you will recall, we worked with you to include a carriage commitment in the bill that passed out of this Committee in June 2006, but the bill was not subsequently considered on the Senate floor.

Since that time, Mr. Chairman, we worked with you and Senator Stevens, your staffs, and other members of this Committee to craft a three year voluntary carriage commitment. The FCC

recently approved an order the outline of which mirrors our voluntary three year plan. The FCC's order is, however, deficient in one major respect. Instead of taking into account the circumstances of small operators and cable systems with low capacity with an exemption as this Committee did on a bipartisan basis in 2006, the FCC order largely punts this question to a further notice of rulemaking.¹ This Committee has previously recognized that the imposition of dual carriage mandates on low capacity systems adversely affects other important goals like the continued rollout of broadband to rural America. The FCC should act now to approve a simple exemption that takes into account the circumstances of small operators and low capacity systems.

Mr. Chairman, our second commitment was that we would help lead, not just participate in, a nationwide consumer campaign to alert all Americans about the digital transition and educate consumers about the tools available to help manage the transition.

Together with the NAB, CEA, consumer retailers, public broadcasters, and other key groups, NCTA is proud to have founded the DTV Transition Coalition last year. And we remain committed to working with this Coalition and with many other consumer and interested organizations to educate the millions of Americans who will be affected by the digital transition.

In early September of this year, the cable industry launched an extensive consumer education campaign. Including English and Spanish language TV advertising valued at \$200 million over the next year and a half, this initiative is designed to reach millions of cable and non-cable viewers with useful information about the upcoming transition. We are now in a second run of advertising spots, with our current spots focused on alerting consumers to the NTIA's coupon program for digital to analog converter boxes that starts next January.

¹ The FCC did include a process whereby operators with systems of 552 MHz or less of capacity could apply for waivers, but given the FCC's poor record on waiver requests in other contexts, this is little more than window dressing and unnecessarily burdensome.

But again, Mr. Chairman, as you and Senator Stevens have advised, our commitment extends far beyond just simply running television ads. Thus, we have already revamped NCTA's website (www.ncta.com) which now focuses predominantly on the digital transition. And we have created English and Spanish-language websites linked to our homepage that provide consumers with easy-to-understand information, advice and other information about the transition, including links to other government, consumer and industry websites focused on the transition. In addition we will:

- Send educational messages and reminders about the transition to all cable customers through monthly statements on invoices and “bill stuffers” in cable bills, including information about NTIA's coupon program once the coupons become available;
- Create local origination and on-demand programming to provide tutorials on the benefits of the digital transition, and how cable can help customers navigate through it;
- Create and distribute to all our companies a customer communication “tool kit” which will include:
 - invoice messages to be included on billing statements;
 - electronic messages for digital cable boxes;
 - on-screen scrolls for local origination channels;
 - telephone “on-hold” messaging for customer call centers;
 - sample emails to be sent to broadband customers; and
 - website “banners” for MSO and network websites.

I would note that many of these ideas came from members of this Committee. And we remain open to other ideas on how we can help. Thus, we are currently working with a variety

of consumer groups and grassroots organizations with varied memberships and constituencies to see how we can help through other media, such as print or other forms of communication.

Chairman Inouye, Vice-Chairman Stevens, I would like to thank you, and all the Members of this Committee who have worked so hard to keep this issue in the forefront. I am proud of all that the cable industry is doing voluntarily to help ensure that the transition to digital broadcasting is a success, and I look forward to continuing to work with this Committee as we approach the date of the transition. I would be pleased to answer any questions you may have.