



# NEWS

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## FCC AFFIRMS RULES FOR SATELLITE CARRIAGE OF LOCAL TV STATIONS

*Clarifies That Satellite Carriers Must Have Reasonable Basis for Denying Carriage*

Washington, DC – The Federal Communications Commission (FCC) today affirmed an earlier rulemaking regarding satellite carriage of local TV broadcast signals and rejected two separate petitions from DIRECTV and the Association of Local Television Stations (ALTV) asking the FCC to reconsider eight distinct issues including modifying the good signal quality standard and allowing broadcast stations to be offered on an a la carte basis. The FCC also clarified that satellite carriers may not refuse carriage requests without a reasonable basis.

On November 30, 2000, the FCC issued a *Report and Order* adopting broadcast signal carriage requirements for satellite carriers, implementing sections of the Satellite Home Viewer Improvement Act (SHVIA), which places satellite carriers on a comparable footing with local cable operators when it comes to the availability of broadcast programming. The FCC rule requires satellite carriers, by January 1, 2002, to carry upon request all local TV broadcast stations in local markets in which the satellite carriers carry at least one TV broadcast station, also known as the “carry one, carry all” rule.

Among other issues, DIRECTV asked the FCC to revise the “good quality signal” standard adopted in the *Report and Order*, which is the same standard used for cable systems. DIRECTV requested, as it had in the initial proceeding, that the signal standard for satellite should be based on delivery by fiber optic line rather than over-the-air transmission. The FCC determined that DIRECTV did not provide sufficient evidence to demonstrate that the current signal quality standard is inadequate or inappropriate. Thus, the FCC affirmed its “good quality signal” standard and said that the goal of preserving over-the-air local television would be disserved by a different signal quality standard that cannot be satisfied by over-the-air delivery.

ALTV asked the FCC to require satellite carriers to offer local television stations to subscribers only as a unitary package. The FCC affirmed its original decision to allow satellite carriers to offer local stations either on an individual “a la carte” basis or as one package. The FCC concluded that this flexible approach is consistent with the statute and promotes consumer choice in programming.

The FCC also clarified several aspects of the rules issued in November 2000. In particular, the FCC said that satellite carriers must have a reasonable basis for rejecting a broadcast station’s request for carriage. The FCC said that attempts by a satellite carrier to shift the initial burden to the station requesting carriage do not comply with the rule or the *Report and Order*.

Specifically, today's *Order on Reconsideration*:

- Denies a request that the FCC modify its noncommercial educational ("NCE") carriage rule by limiting a satellite carrier's carriage obligation to only one qualified NCE station per designated market area ("DMA"), with additional NCE stations carried on a voluntary basis, thereby affirming the current rule requiring satellite carriers to carry *all* non-duplicative NCE stations in markets where they provide local-into-local service;
- Denies a request that the FCC permit satellite carriers to include local NCE stations, carried pursuant to Section 338, in the calculation of the public interest set-aside requirement under Section 335 of the Act, thereby affirming the current rule that a satellite provider must carry the signals of all non-duplicative NCEs in each local market in which it offers local-into-local service, in addition to satisfying the four percent public interest set-aside obligation;
- Affirms the rule requiring satellite carriers to carry in its entirety the primary video, accompanying audio, and closed-caption data contained in line 21 of the vertical blanking interval ("VBI") and, to the extent technically feasible, program-related material carried in the VBI or on sub-carriers;
- Denies a request that the FCC require broadcast stations to deliver a "TV1-quality" signal, thereby affirming the "good quality signal" standard the FCC adopted in the satellite carriage context, which is the same standard required in the cable context;
- Denies a request that the FCC require television stations to pay any new or additional costs to deliver a good quality signal if the carrier moves its facility in the middle of an election cycle;
- Denies a request that the FCC permit satellite carriers to require subscribers to purchase additional equipment, such as an additional satellite dish, to gain access only to some, but not all, of the local signals in a market;
- Denies a request that the FCC prohibit satellite carriers from offering local signals to their subscribers on an a la carte basis;
- Affirms the FCC's rule that all stations, whether they elect mandatory carriage or retransmission consent, may participate in voting on whether a satellite carrier's alternative receive facility is acceptable, and thereby denies a request that participation in voting should be limited only to those stations actually electing mandatory carriage; and
- Clarifies the *Report and Order* and, where necessary, amends the satellite carriage rules concerning the basis for refusing carriage, inconsistent carriage elections, the effect of existing retransmission consent agreements, the carriage request procedures, and the responsibility to pay for basic reception equipment.

Action by the Commission, September 4, 2001, by Order on Reconsideration (FCC 01-249). Chairman Powell, Commissioners Tristani, Abernathy, Copps and Martin.

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