

**Remarks of William T. Lake  
Chief, Media Bureau, FCC**

**APTS Public Media Summit 2013**

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Thanks very much. The theme of this year's Summit, "public service media," captures much of what's going well with public broadcasting today -- and the challenges it faces.

When we look around, much is good. Public broadcasting seems to have a bigger role in American life than ever before.

- This year again, PBS is rated the most trusted institution in the country and the second-best use of federal tax dollars, after the military.
- Big Bird found himself (or is it herself?) a factor in the presidential election.
- NPR's audience continues to grow; its app is one of the most popular for the iPhone and the iPad. NPR podcasts are downloaded over 15 million times a month; and NPR's mobile website is viewed almost 5 million times a week.
- When PBS made a schedule change that moved the popular Independent Lens film program to a less convenient time, film makers and loyal viewers raised such a stink that PBS moved it back.
- Downton Abbey made the ups and downs of early 20<sup>th</sup> Century British aristocracy a matter of passionate concern to millions of Americans – so passionate that Matthew Crawley's death last week caused more funk across the country than Washington's looming sequestration. (Spoiler apology to my friend Rebecca, who hasn't reached that episode yet.)

The media landscape is changing rapidly, and public broadcasting has done much to stay at the center of what is now a broad and diverse network of public service media. That network now includes many other entities, with public

broadcasters the essential hub. As consumers have come to view the Internet and mobile devices as sources of news and entertainment, public stations have gone multi-platform, to be available wherever and whenever a consumer wants to find content. And, as new sources of content have arisen, public broadcasters have embraced them, often partnering with other public service entities.

You all know better than I how public stations have led and innovated in this regard. One example I like is Be Well Kentucky, a collaboration by station KET with community groups to produce a 13-part television series and online content addressing health issues in that state. The online website offers health information, programming schedules, and toolkits for community involvement. KET followed up with on-the-ground health literacy workshops for children, families, and minority populations. When the Commission was putting together its National Broadband Plan, APTS brought to our attention many other cases in which public stations have seized the opportunities presented by today's multifaceted public service media world.

But challenges remain. Many public stations are working to heed the call by the Knight Commission to become more local, more inclusive, and more interactive. They are moving to evolve content that appeals to a younger demographic more accustomed to digital media. And they are challenged to pick up even more responsibility for providing the journalism our democracy needs, in light of the financial stresses hitting many newspapers.

Meeting these needs, while deploying new platforms and networking with new partners -- these all cost money, at a time when Federal funding is flat and uncertain and other funding sources are stressed by the long recession. Even the inhabitants of Downton Abbey learned, this season, that they had to put the estate on a better financial footing to ensure its future. Public stations have to do likewise. I know that Pat and Lonna, and their colleagues at CPB, have led aggressively to meet the dual challenges of finding additional

revenue and achieving efficiencies by rationalizing the public television network as a whole.

You knew that I would get to the incentive auction that we are planning for next year. That auction offers help in meeting both of these challenges. Contributions of spectrum to the auction can bring a major capital infusion for cash-strapped public entities. And the options of channel sharing or a move from UHF to VHF offer a way for a public station to receive a capital infusion and remain on the air, continuing to serve its viewers.

At the same time, participation in the auction offers a one-time opportunity to address the inefficiencies of overlapping coverage and duplication of programming in markets that have grown up over time to have multiple PBS stations. If public stations seize that opportunity and are willing to make some hard decisions, they can prove to Congress and the public that they are capable of rationalizing their operations, so that neither government nor private dollars will be wasted on inefficiency. There will never be a better time to address this issue than now, when doing so through the auction offers not only ongoing cost savings but the additional payoff of a capital infusion. In the words of the proverb, “Seize opportunity by the beard, for it is bald behind.”

There’s another reason why public stations may want to see the incentive auction succeed. Your move onto the online platform gives you a strong interest in universal access to broadband. In the public broadcasting sphere, universal service has meant having a public station available to everyone in the country. Now that public media are going multi-platform, that goal includes making sure that people can view your content online. There are reports that limited broadband has already begun to constrain the efforts of public stations to reach diverse and underserved audiences. For example, Next Door Neighbors, a Nashville Public Television program that serves local immigrant and refugee communities, relies on broadband to reach its audience, most of which accesses the content online. But the lack of access

to broadband in rural areas of middle Tennessee — areas that include large immigrant constituencies — hinders that objective. Public television’s mission demands that we succeed in bridging the digital divide. A successful incentive auction will help mobile broadband to be part of the solution.

Your Association leadership has been active on the auction front as well. In addition to the webinars that APTS helped the FCC to organize, APTS and PBS arranged webinars on valuation, engineering, and legal questions. APTS is working with a major law firm to drill down on the legal issues that public stations may face in positioning themselves for the auction and to plan for channel sharing, and with valuation experts and others from the financial community to evaluate the various economic opportunities. We understand that they are prioritizing working with stations that may be interested in channel sharing or possible auction participation. And we are encouraged that some public stations are reaching out to commercial stations in their markets to explore channel sharing opportunities. As you surely know, we are available to help you with any and all of the above.

We are working hard to move the incentive auction to a reality that public stations can fully evaluate. In October we released an extensive Notice of Proposed Rulemaking, inviting comment on every aspect of

- what we call the “reverse auction,” in which broadcasters will volunteer their spectrum;
- the “forward auction,” in which wireless companies will bid for the spectrum to provide wireless service;
- the repacking of the broadcast band after the auction; and
- the transition for broadcasters that are required to change channels in the repack.

Initial comments were due on January 25. We received about 250 comments, roughly 70 of which were extensive. The public broadcasting community submitted very helpful views, both on how the auction should work for stations that

want to participate and on how the repacking and the transition should treat stations that do not participate. That submission was especially helpful on issues that relate particularly to public stations, such as maintaining universal access to public TV services and the details of channel sharing. We're giving careful attention to all the comments we received.

Reply comments will be due March 12, and our goal is to adopt auction rules this year and hold the auction in 2014. The order we hope to adopt this year will be an important milestone, but it will not end the process of preparing for the auction. We expect to issue additional public notices to invite comment on more detailed proposals, in a transparent process that will continue up until the auction itself.

Last Friday was the first anniversary of the passage of the Spectrum Act that launched the auction proceeding, and I am pleased with how far we've come in this short time. Even a year ago, many broadcasters found the auction concept foreign and were reticent even to think about participating. Now, one reads news articles about how KCSM is incorporating possible auction participation into its plans for sale. Similarly, CPBI has asked in its rulemaking comments that we facilitate its contribution of WEDY to the auction. In a short year, both public and commercial stations have recognized that the auction is an economic opportunity worth considering, and participation has become an acceptable business option. With pleasure in that progress, we look forward to continuing to work with you to make the auction a success for all concerned.

Thank you, and I'm happy to take your questions!