

**Remarks of FCC Commissioner Michael O’Rielly
Before the Midwest Next-Gen TV Summit
Columbus, Ohio
June 27, 2018**

Thank you, Dave, for that very kind introduction. It’s an absolute pleasure to be with you today. In my nearly five years at the Commission, I have tried to meet with and visit as many state broadcast associations as possible in order to learn firsthand of any issues, problems, and perhaps even the occasional compliment. The fact that today’s event includes broadcast representatives from six Midwest states (Indiana, Ohio, Kentucky, Illinois, Michigan, and Wisconsin) made the decision to join you here in Columbus all that much easier, even if it means being a little too close to former FCC Chairman Tom Wheeler’s beloved Ohio State University. My thanks to all of you who are here on the early side of the Summit.

You should know that I have the highest regard for television and radio broadcasting. As I have previously said about broadcasters: no one is better at providing critical information in times of need; no one is better at keeping communities safe when bad weather approaches; no one is better at uniting a community when circumstances require; no one is better at providing soothing distractions when life’s toughest moments reach their zenith; and no one is better at fundraising when communities need assistance. Saying this will only fuel my Internet and Twitter trolls, who suggest that I epitomize regulatory capture, but you have earned the right to be thanked for all that you do.

Next-Generation Television – Phoenix, Arizona

The central focus of this Summit is Next-Gen TV, as enabled by the new broadcast standard, ATSC 3.0. The Commission set the stage for deployment of the new standard through a Report and Order and Further Notice in November. At the time, I made clear that the success or failure of the new technology is dependent on two things. First, it will require sufficient interest by broadcasters willing to make a bet on the future of television and the capabilities that the standard may allow. Second, it will require great interest by consumers to adapt and adopt the new features and functions that may soon be available. These are both achievable but not without tremendous effort.

As many of you know, I travelled to Phoenix last month to examine in person the amazing progress that has been made to install, test, and deploy the new television standard. Of the seven test markets initiated by advocates of the new standard, I selected Phoenix because it is centered on consumer-leaning capabilities, which remain of high interest to me and the Commission. Moreover, I wanted to get there early, before all of the bugs were completely resolved, so I could understand the trials and tribulations that come with transitioning to a new standard. Suffice it to say, during my visit, I witnessed very few, if any, problems. That’s not disappointment in my voice, but color me impressed.

While in Phoenix, I witnessed the wonderful collaboration of broadcasters, led by Pearl and the indelible Anne Schelle. It was somewhat surprising and refreshing to see such a unified team, with stations that typically fight it out on the national and local stage on a daily basis working together for a common cause. In my experience, broadcasters have tended to resemble an old school Irish family, in which no one fought better together, and no one fought more frequently with each other. The constant internal fights on policies and practices that occur within the broadcasting family seem to have been set aside in Phoenix so that ATSC 3.0 would be made operational and everyone, including the Commission, could learn from the experience.

Of course, broadcasters were not the only ones working together in Phoenix. There was a strong partnership of equipment providers, including TV manufacturers Sony, Samsung, and LG, as well as

audio support by Dolby. On that note, you should really take the opportunity to explore the audio opportunities for consumers available under the new standard. In my humble opinion, they seem like real game changers. They include the ability to compress audio signals, eliminate background noise, and switch languages on the fly. Those are just the type of features I believe consumers have been seeking.

While I didn't make it up the Swilling Mountains to see the unified stick, I saw the results of the so-called Lighthouse option, where one broadcast station housed multiple television station signals and operated from one transmission tower. We also drove around town while receiving a live mobile television signal that experienced only one hiccup while driving under an underpass. And we saw the critical, advanced weather information that can be made available to viewers on a moment's notice. Depending on your viewpoint, the advertising insertion capability also was intriguing. As a television viewer, I would appreciate the opportunity to receive targeted ads for items or services of interest, rather than learning of the latest adult diaper or luxury boat sale. Finally, we saw the improved picture quality that is commonly referred to when one mentions the new standard, as well as an enhanced TV guide. I can't guarantee that consumers will be interested in these features, but I can tell you that, for my part, I certainly was impressed.

Next-Generation Television – East Lansing, Michigan

As a follow-up to seeing the consumer-centric commercial station approach, I had the distinct pleasure last week of visiting the public broadcasting station test market to be run at WKAR on the campus of Michigan State University. It is important to note that while commercial stations may confront a number of difficulties effectuating Next-Gen, public broadcasting likely faces an added layer of challenges given their unique structure and financial issues. I plan to discuss the repack in a bit but consider that WKAR was the first public broadcasting station to navigate and complete the repack. In the process, it had to replace the main studio antenna, transmitter, transmission line, and auxiliary antenna, and do so without a corporate sponsor underwriting the added spending. That's quite an accomplishment.

From the outset, let me thank WKAR and their General Manager, Susi Elkins, for allowing me to drop by to see the facilities, meet with so many committed people, and learn about all the things happening at the station. It's a first-rate organization with so much community participation and buy-in. There is just a certain level of energy brewing in the air from all the adults, students, and children reached by the station.

For programming purposes, it has a committed focus on children. As a rather new parent, I was struck by the fact that WKAR provides 57 hours a week of children's programming on its primary signal and an amazing 168 hours a week on its 24/7 PBS Kids multicasting channel. This is a major strength for this station and the entire non-commercial system. And, much of this programming is focused on very young children, those between the ages of 2 to 8. Beyond the programming, the station is experimenting with how best to engage children through other technologies, including the Internet, via hand-held tablets targeted to the very young and those in need. WKAR is partnering with PBS to offer a select set of children-centric applications and the station has an extensive interaction with what is known as the University's Game Development and Design Program. If you want to know the future of children's interactive educational experience, that is a great place to start.

But, the primary reason I went to WKAR was to explore what WKAR and public broadcasting stations plan to do under the new broadcasting standard. I was actually able to break a little news, as the Commission had just granted the station a Special Temporary Authority (STA) experimental license to initiate ATSC 3.0 set-up and broadcasting. WKAR has set aside space on the Michigan State campus to be known as the NextGen MI Lab, with a particular focus on public media content, such as education, health, local news, and emergency alerting. Additionally, the center will examine new areas for such broadcasting as it relates to connected and autonomous vehicles.

As I understand it, the lab, which will be up and operational late this year, will work with 25 non-commercial licensees of all shapes and sizes, covering almost 200 million Americans. Moreover, the lab is designed to capitalize and complement the extensive work of WKAR, PBS Kids, Michigan State, and the local school districts to improve elementary math and literacy. That is quite an ambitious agenda, and I look forward to returning to East Lansing for an update once the lab is up and running.

Next Steps

The beauty of the FCC's actions is that ATSC 3.0 can progress as consumers and the individual television markets are ready for it. Seeing the Phoenix consumer focused approach and the WKAR public broadcasting effort in action was very helpful. And there will be more trials and errors in the coming months.

As I mentioned at the ATSC 3.0 meeting in Washington, DC, if I had one concern, it would be that the entire process is going to take some time. Unfortunately, television broadcasters are under enormous pressures right now. The high-tech companies, who broadcasters compete with daily for advertising and consumer attention, are not going to stop and wait for ATSC 3.0 to be fully deployed. They are going to continue to eat market and advertising share.

I have told the story before of a very small, rural radio station who came to see me recently and provided an interesting data point: a local car dealer told them that they used to get five to six pitches on average for advertising. By last count, they had 84 different entities seeking to carry their advertising. So, time is not necessarily a luxury you all have. If you are a broadcaster sitting on the fence on whether to implement ATSC 3.0, you should be worried that the fence may no longer exist if you take too long to decide.

Television Repack Process

Changing topics a bit, I realize that most of the television broadcasting industry is in the middle of a television repack in one form or another. That makes things a bit complicated. Affected broadcasters and the FCC are methodically working through the ten phases of the repack. Most experts are not anticipating huge problems until at least phase three, but I'm interested to know exactly what experiences stations are having with the repack and what issues may be on the horizon. For instance, I am certainly aware of the tower crew issue. I was one of the first people to raise the issue years ago when everyone looked at me funny for suggesting there may not be sufficient crews to install new towers and antennas or relocate stations to other towers within a market.

Thankfully, the largest winning bidder in the incentive auction – T-Mobile – has also been actively trying to solve potential obstacles to repacking. They have primed the pump on tower crews, jumped ahead in Puerto Rico, and are turning to new markets on a weekly basis. In some regards, they have been doing some heavy lifting that has taken problems off the Commission's plate. Hopefully, others will follow their lead, but we will just have to see.

Fortunately, thanks to Congressional action, we now know that the commitment to hold broadcasters harmless throughout the repack process is a reality. With the additional \$1 billion Congress allocated for this purpose, including \$50 million for affected radio stations, broadcasters are in a much better position to relocate their systems without facing uncompensated expenses.

Reviewing FCC's Children Television Rules

Finally, many of you may be aware that I have been working hard to conduct a broad review of the Commission's rules regarding the airing of children's programming, commonly referred to as Kid Vid. Under today's FCC rules, local broadcasters' licenses are put at risk at renewal time unless sufficient children's television programming is offered under fairly prescriptive conditions, which I don't need to remind this group. This obligation, combined with massive and unnecessary paperwork filings, keeps broadcasters from fulfilling the demands of viewers and makes scheduling, especially on the West Coast, incredibly difficult.

Adding to this is the fact that data shows that the combined viewership of all four networks has dropped 99 percent by children ages 2 to 11 on Saturday mornings. That's an important segment of children that are simply not watching the Commission's mandated Kid Vid programming. What are they watching? There is a wealth of other children's content available from all types of platforms, including cable and over-the-top providers. And public broadcasting, like previously mentioned WKAR, provides a treasure chest of kids programming that is now being carried over to other platforms as well, think Sesame Street, which originated on PBS but is now first aired on HBO.

Moreover, prior to our Kid Vid requirements, broadcasters aired programming under thirty minutes in length – like School House Rock – and unique programming that was not regularly scheduled – like After School Specials – that were oftentimes popular with children. Once the FCC determined that these would not count towards the broadcaster's "core programming" requirement, interest in producing such shows ceased.

Despite these shortcomings, I also understand that while the market has significantly changed and children like mine are fortunate enough to have a host of programming options at their fingertips, not all children are so lucky. While figures vary, according to recent data from Nielsen, 0.5 percent of American households with children are over-the-air only families. These children's access to informational and educational programming is solely through their local broadcaster.

As an attempt to bring a balanced, thoughtful reform approach forward, the Commission recently made public an effort to breathe additional flexibility into our rules. The item is a Notice of Proposed Rulemaking, meaning that it is the start of the process, not the end, and will be considered at our July Open meeting. It seeks public comment on a host of questions about our current rules, including curtailing some of the most egregious Kid Vid provisions and the possibility of allowing broadcasters to put their Kid Vid programming on their D2 or D3 station, with sufficient notification and safeguards, so that over-the-air only households continue to have access to educational and informational programming.

My plea to you and to every interested party is to file substantive comments in the record for our Kid Vid proceeding. Do not let your voice be lost on this important topic. Similarly, I will continue to make myself available to meet and discuss how the Commission can best provide the needed flexibility while preserving a positive experience for children watching Kid Vid programming.

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There is an absolute danger and an unwritten rule about public speaking late in the afternoon: never speak too long, especially when you are keeping people from the reception. At the risk of overextending my welcome, I hope you can see the Commission's commitment to allowing broadcasters the opportunity to move to the new broadcast standard and bring new functionality to consumers. Likewise, you should know that the FCC is carefully monitoring the repack and seeking to match its Kid Vid requirements with those of the modern marketplace. I thank you for your indulgence, and welcome any questions you may have.