

**STATEMENT OF
COMMISSIONER MICHAEL O'RIELLY
APPROVING IN PART, DISSENTING IN PART**

Re: Amendment of Part 11 of the Commission's Rules Regarding the Emergency Alert System, PS Docket No. 15-94, Report and Order

Although I am not opposed to updating the weather event and geographic location Emergency Alert System (EAS) codes, I strongly dissent on what is presented as a cost-benefit analysis in this item. The Commission should be able to demonstrate that the benefits of the new burdens outweigh their relative costs. Sufficient analysis has not been done here. Instead, the Commission uses cost-benefit figures that it has used in other contexts, and these amounts are not reflective of the issues before us.

As for the calculation of costs, there appears to be no attempt to quantitatively estimate the additional costs to EAS equipment manufacturers that must integrate these codes into their devices. Even if the burdens are small, our action today will place costs on this industry, which are not taken into account. Instead the focus is on the cost to EAS participants that would need to update their equipment through software patches. The item states that installation should not take more than an hour, but the Commission uses a "worst case cost figure of \$125.00 per device," representing five hours of labor at \$25 an hour, for a total of approximately \$3.5 million. So where did this figure come from? This is the amount that the Office of Management and Budget has approved as the cost to an EAS participant filling out the Commission's online reporting form for EAS National tests. I am at a loss as to how this measurement equates to the circumstance at hand. The EAS participant will have to download the software and ensure there are no glitches, which is not equivalent to filing a report.

The bigger problem, however, is with the analysis on the benefits side. The item suggests that the expected benefit is the value of a statistical life, which borrows and abuses a broken Department of Transportation estimate of \$9.1 million. Once again, the item says that this estimation is likely to be conservative because these changes are expected to save more than just one life, will reduce injuries and mitigate property damage. But there is no showing that this item will actually produce any of these positive results or even there is a "high probability." Specifically, there is no evidence that the current hurricane and other severe weather codes have been insufficient in protecting life and property or that the updated marine location codes are regularly used. Without that, the benefits side of the ledger is essentially zero. Even assuming that lives could be saved with the new codes, the item oversells any value because participation with these new codes is completely voluntary.

So in the end, we have real costs being added to businesses and imaginary or hypothetical benefits. That's a losing equation, leaving us all wondering why is it so hard to get real work to be done on cost-benefit analysis. Therefore, I dissent on this portion of the item.