

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

to

The Media Institute

April 25, 2012

Thank you.

I'm very pleased of course to be asked to talk with you today. But I'm also a bit surprised.

A year and a half ago, Dick Wiley invited me to speak with you as a fairly new Chief of the Media Bureau, fresh from the DTV transition.

I took the occasion to announce that the Commission was launching a proceeding to look into how it should fulfill its statutory responsibilities in connection with retransmission consent negotiations.

After that lunch, Dick told me, “You didn’t have to announce a new proceeding. We expected you to just come and make small talk.”

Well, I suppose a year and a half in the penalty box is fairly light, as punishments go. And I’m happy that the Institute is willing to take another chance on me.

Last week, many of us were in Las Vegas for the NAB Show. One thing this year’s show will be remembered for is the overhang of controversy about the Commission’s proposal to put TV stations’ public files online – a proposal that the Commission undertook as a simple matter of updating to new technology but that awoke greater concern and opposition than expected.

And, contrary to the old saying, that controversy didn't "stay in Vegas."

But I think it's important not to let that one issue obscure the more tectonic changes at work in broadcasting, which were evident at this year's show.

One need only look back at the remarks made by Chairman Genachowski and NAB President Smith to see those changes at work.

The Chairman noted that broadcasting as a whole is doing better today financially than it was at its nadir three years ago. But he recognized that not all stations are sharing in that relative recovery.

Broadcasters hammered home to us in conversations that, even among major stations, economic conditions vary widely.

Some station groups have a mixture of very strong stations and others that are struggling. And many smaller, independent stations face a much harsher reality than their more established cousins.

It is exactly this disparity in economic prospects among stations that convinces us that the incentive auction that Congress just authorized presents a real opportunity for some stations.

A TV station that is struggling today and doesn't see a clear path to making more traction may want to think hard about one of the options that will be available for participation in the auction.

As we've stressed, some of those options provide a way to receive a capital infusion and also keep the station on the air.

There are encouraging signs that broadcasters *are* taking a careful look at this opportunity.

Some broadcasters have called us with thoughtful, businesslike questions about the practicalities of participating in the auction, such as how channel sharing will work.

In other cases, station brokers or lawyers have called to ask questions for clients who prefer to remain anonymous.

And some broadcasters have begun to express openness about the prospect of participating *publicly*, in the press and in their earnings calls.

We recognize that no one can fully evaluate this opportunity without much more information about how the new law

will be implemented, including specifically the design of the auction. This is why we're committed to making that information available as we go forward.

Among our first steps will be the order that is on the agenda for Friday's open meeting, to establish the regulatory framework for stations that choose to channel share.

We'll follow that up with a workshop on May 22 about the practical business issues that stations confront as they consider channel sharing.

Other workshops and webinars will follow, as we move toward issuing one or more notices of proposed rulemaking by the Fall.

But we can't stress often enough that we recognize that the incentive auction is not for everyone.

Many stations want to keep serving their viewers as they do today and see an exciting future for themselves in an evolving broadcast industry.

Over-the-air broadcasting plays a critical role in informing and entertaining consumers and will continue to do so.

We expect a healthy broadcast industry to emerge from the auction and subsequent repack – I expect healthier than it is today.

The chairman in his remarks in Las Vegas highlighted that *many* broadcasters are aggressively exploiting new technologies to offer their content over other platforms

in addition to traditional fixed broadcasting.

The advent of mobile TV, the growing availability of broadband, and the effusion of new consumer devices lead people to expect to access content wherever they are, on whatever platform they want.

Broadcasters who are focused on their future need to think of themselves accordingly as providers of content where, how, and when a customer wants to see or hear it.

You may have noticed, as I did, that Chairman Genachowski and President Smith channeled each other in making this point.

I don't think they share a speechwriter, so I believe their remarks reflect a growing consensus that broadcasters need to

grasp new technologies to ensure a strong place for themselves in tomorrow's media landscape.

President Smith issued a challenge to his industry, as I think a leader should. He challenged broadcasters to think about where they want to be in 5 years, or 10 years, or even 20 years.

He challenged them to “integrate the power of broadcasting and broadband to improve the viewer experience.”

President Smith told broadcasters that their competitors are out to get them – they want you “out of the game.”

That's not paranoia – competitors *are* *always* out to get you, that's the nature of competition.

And when you're competing in a fast-moving technology marketplace, moving *with* the technology is a key to survival.

As one of my mentors used to tell me, "Even if you're headed in the right direction, if you're standing still, you're likely to get run over."

President Lincoln expressed a similar thought: "Things may come to those who wait, but only the things left by those who hustle."

Broadcasters *are* moving with the technology today. They are not only embracing new platforms and social media as additional ways to reach their audiences.

They are also examining the technologies they use for over-the-air broadcasting itself.

Radio broadcasters are rolling out HD radio with growing momentum. Unit sales of HD receivers are now at 3 million a year and climbing.

Some TV broadcasters have noted that, since the present ATSC standard was adopted for digital television, the *wireless* industry has cycled through several generations of transmission standards.

The broadcast industry is acting on that recognition.

ATSC has begun a next-generation standards development program, ATSC 3.0, and it is helping to lead an even more ambitious international effort called Future of Broadcast Television, or FoBTV, to move toward convergence of over-the-air standards worldwide.

NAB has created a new NAB Labs to play a role in this innovative thrust.

These are *industry* initiatives, not a matter for regulators, at least not at this point. But I for one am glad to see that the industry recognizes that it can't stand still technologically, because its competitors won't.

At the risk of channeling Gordon Smith again, as he said, broadcasters' greatest challenge is to have the courage to challenge themselves.

Or, as Prime Minister Nehru once said, "The policy of being too cautious is the greatest risk of all."

I'll add a word about an area where the Commission and the Congress *have* played a key role in unlocking

possibilities for broadcasters. Congress passed the Local Community Radio Act to cut a regulatory Gordian knot that had stymied the licensing of FM translators and low-power FM stations for years.

With a tremendous effort by our Audio Division, the Commission has now completed its first round of implementation of that law, adopting a widely praised set of orders that pave the way for licensing of as many as 1000 to 1500 new translators while also creating a first opportunity for low-power stations in major urban areas.

Among other consequences, more AM stations will be able to reap the benefits of FM translators to provide robust 24-hour service to their communities for the first time.

Finally, I'll mention a proceeding of which some may be unaware, which could have far-reaching implications for the video marketplace.

On March 30th, we issued a public notice inviting comments on whether an entity that offers video programming over the Internet, without providing any of the facilities that carry the programming into viewers' homes, is a multichannel video programming distributor under the Communications Act.

Now, that sounds like an issue that could excite only geeky communications lawyers, but extending the rights and duties of an MVPD to such entities could affect others in the marketplace in ways that may be hard to predict.

We've just extended the comment date to May 14, and, if you haven't already

thought about giving us your views, I encourage you to do so.

Thanks. I don't have a new proceeding to announce today. But I'll be happy to take any questions.