

THE WHITE HOUSE
WASHINGTON

February 5, 1993

The Honorable James H. Quello
Chair
Federal Communications Commission
Washington, D.C. 20554

Dear Mr. Quello:

This is to inform you that I am today designating you to serve as Chair of the Federal Communications Commission on an interim basis, pending my designation of a permanent chair.

I appreciate your willingness to serve in this capacity.

Sincerely,

William Clinton

725

O R D E R

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I hereby designate James H. Quello as Chair of the
Federal Communications Commission.

William Clinton

THE WHITE HOUSE,

February 5, 1993.

^Quello Names Interim Chairman of FCC<

^By DIANE DUSTON=

^Associated Press Writer=

WASHINGTON (AP) - President Clinton has named James Quello, a 19-year member of the Federal Communications Commission, to head the agency on an interim basis until a permanent chairman is found.

Quello, a Democrat, has served longer than anyone on the five-member commission that regulates the broadcast, cable television and telecommunications industries.

His rise to acting chairman on Friday fills the vacancy left when Alfred Sikes resigned Jan. 19.

Quello was first appointed to the FCC in 1974 by President Nixon. He was reappointed in 1981 and 1984 by President Reagan and in 1991 by President Bush. His term ends June 30, 1996.

A native of Michigan, Quello began a broadcast career as promotion manager of Detroit radio station WJR in 1947 and became station manager in 1964 when the station was acquired by Capital Cities Broadcasting.

He retired in 1972 as vice president of Capital Cities.

Besides finding a new chairman, Clinton also must fill the FCC seat occupied by Republican appointee Sherrie Marshall whose term expired last June.

She has continued to serve pending reappointment or replacement, but has begun job hunting and is starting to recuse herself from some FCC decisions that could affect potential employers.

The commission enforces federal laws governing radio, television, telephones, satellite and cable. It is in the middle of implementing the cable re-regulation law and has crucial decisions to make in the near future about use of the airwaves for new communications technologies.

The commissioners, who are appointed by the president and confirmed by the Senate to staggered five-year terms, direct a staff of more than 1,700 attorneys, engineers and other communications experts.

No more than three commissioners can be from the same party.

Other commission members are Andrew Barrett, a Republican, whose term expires in 1995 and Ervin Duggan, a Democrat, whose term ends in 1994.

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FEBRUARY 8, 1993

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U S WEST GOES VDT, asks for proposals to deploy service regionwide. Costs match those of copper, so program ownership isn't needed. (P. 6)

DIGITAL CABLE RADIO backed by record companies. Sony and Warner buy stake and agree to program channel. (P. 6)

SPECTRUM BILLS progress on Hill. House Telecom Subcommittee approves legislation to reallocate 200 MHz. Similar measure introduced in Senate. (P. 7)

QUELLO APPOINTED INTERIM FCC CHMN. BY CLINTON: In action that had been expected ever since his Jan. 20 inauguration, President Clinton Feb. 5 appointed James Quello, who has served on FCC since April 1974, as chmn. on "an interim basis, pending my designation of a permanent chair." Quello, one of 2 Democrats on Commission (other is Comr. Duggan), now will be able to chair agency's Feb. 11 meeting -- agenda for which was prepared by "committee of commissioners," whereas chmn. usually sets agenda, with individual commissioners having right to remove items, as Quello did last fall with prime-time access rule.

Quello's appointment arrived at lunch time, was delivered to him by his Confidential Asst. Ginger Clark at Palm Restaurant. He actually received 2 documents from White House, both signed by Clinton. One was on plain paper stating: "I hereby designate James H. Quello as chair of the Federal Communications Commission" -- making no mention of interim or acting. Other was letter to Quello on White House stationary stating: "This is to inform you that I am today designating you to serve as the chair of the [FCC] on an interim basis... I appreciate your willingness to serve in this capacity."

Long-time broadcaster at WJR(AM) Detroit, Quello was first appointed to Commission by President Nixon and confirmed only after long and acrimonious series of hearings. He was opposed aggressively -- as

Consumer Electronics

JVC PUSHES DIGITAL VIDEO DISC but analog tape at Technofair in Yokohama, showing CD-based MPEG-2 simulation, studying CDs and MiniDisc. (P. 11)

PERSONAL COMMUNICATIONS STANDARD is goal of General Magic, which today officially reveals its backers and technologies for 'new class of products and services.' (P. 12)

35" TUBE TV SALES ROSE 52% IN 1992, keying 47% gain in all direct-view sets over 30"; larger sizes also biggest winners in projection TV gains. (P. 13)

STRONG JAN. RETAIL SALES reported by several chains, topped by Best Buy's doubling of revenues and 30% comparable-store gains. (P. 14)

TCE INVESTS IN COMPRESSION LABS, taking better than 10% stake as part of strategic business alliance. (P. 14)

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JVC SHOWS ARRAY OF TECHNOLOGY at Technofair in effort to change mix for more even split among consumer, nonconsumer and software businesses. (P. 16)

SEE OVER ---->

ex-broadcaster -- by civil rights, women and liberal groups, was staunchly supported by such liberals as then Sen. Hart (D-Mich.) and Rep. Dingell (D-Mich.), along with Vice President Ford, also of Mich. He was sworn in April 30, 1974 (terms were 7 years at that time). He was reappointed for 3-year term in 1981 by President Reagan, again for full 5-year term by Reagan in 1984, and by President Bush in 1991. His current term expires June 30, 1996.

Quello's designation as interim chmn. received nearly universal approval within Washington communications sector. Said Andrew Schwartzman, exec. dir. of Media Access Project: "As one who opposed his nomination in 1974, I've grown to respect Chairman Quello's gut-level sense of justice. He does what he thinks is right and more and more he is right." NAB Pres. Edward Fritts: "Jim Quello will make an excellent interim chairman. We are pleased that the Commission will have strong leadership during a period when a number of important issues, including HDTV, DAB and the Cable Act implementation, are at a crucial state." From Quello's colleagues, Comr. Marshall: "I'm glad we have an acting chairman and I'm sure Jim Quello will do an outstanding job." Comr. Duggan: "Jim's appointment is a fitting capstone to his long career here. I'm delighted and look forward to working with our new chairman."

FCC now is down to 3 votes on renewed consideration of its finsyn rules with recusal last week by Marshall from "all cable or broadcast TV proceedings," plus matters in which Washington law firm Latham & Watkins is involved. Action removes her from participating in reopened Commission consideration of finsyn rules, which have been vacated by panel of 7th U.S. Appeals Court, Chicago (see separate story, this issue).

Observers said that Marshall possibly still could vote on next finsyn go-round by withdrawing recusal if she isn't negotiating with any of parties involved at time of vote. Others speculated that unless there's unduly fast action by White House, her move will make it very tough for FCC to meet court deadline with only 3 commissioners. "However, they could reach accommodation that all 3 could accept," source said. Remaining commissioners were split 2-1, in 1991, with Barrett and Duggan for new rules, Quello issuing strong dissent. Spokeswoman said that Marshall has just begun "preliminary discussions" with prospective employers and her decision probably is several weeks away.

Commissioners formally asked White House to designate acting chmn. Jan. 21 through Maurice Goodman and Douglas Wilson, who had been designated as Administration liaison at agency and spent 2 days on fact-finding mission (TVD Jan 25 p1). "We haven't seen, or heard, from them since," said Alan McKie, FCC deputy managing dir., Feb. 1. Source said Wilson had been detailed to another federal agency; Goodman couldn't be reached at White House.

White House still hasn't gotten very far in search for permanent successor to ex-Chmn. Sikes, according to several sources close to process, although numerous names have been mentioned as likely candidates. None of those mentioned would comment for record. Same is true of successor for Marshall, whose term expired last June but who continues to sit until successor is chosen. To stay within statutory requirement that no more than 3 commissioners be from same party, Marshall's successor must be Republican or independent. Janice Blanchard, wife of ex-Mich. Gov. James Blanchard (D), is head of agency appointment process within White House. Newest name to resurface as Marshall successor is Columbia U. Prof. Eli Noam, who has been recommended to White House by House Telecom Subcommittee Chmn. Markey (D-Mass.). Noam, who also served as commissioner on N.Y. PSC, is registered as independent, but believes he could round up enough Republican support to keep appointment from being blocked, sources said.

Meanwhile, at FCC, record 101 items that were on circulation in mid-Jan. (TVD Jan 18 p7) now have grown to more than 150, 8th floor sources tell us. When Charla Rath, common carrier legal asst. to Sikes, left to join Freedom Technologies, she pointed out to us what she described as "a drawerful" of items that needed to be circulated. Most of those now are on circulation for votes of commissioners.

Over at White House, Clinton Administration, which day after Jan. 20 inaugural opened its daily news briefings to cameras and microphones, shut them out Feb. 1 without advance notice. CNN and C-SPAN had been telecasting briefings since Jan. 11, but were cut off after 5 min. of session. Radio stations carrying briefing were left with dead air since they were given no advance warning. Afterward, Communications Dir. George Stephanopoulos told reporters he may appear on camera occasionally, but not as regular matter. Reporters, who are upset that they no longer have access to communications dir. and press secy.'s offices, speculated plug was pulled on cameras because of stormy sessions that Stephanopoulos has had with media during regular briefings.

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MONDAY, FEBRUARY 8, 1993

VOL. 13, NO. 25

Today:

PRESIDENT APPOINTS QUELLO FCC INTERIM CHMN.: He gets word of expected appointment from Clinton to serve 'pending my designation of a permanent chair.' (P. 1)

FCC TO AWARD DAMAGES TO LONG DISTANCE CARRIERS that were wronged by local exchange carriers billing in excess of prescribed rate of return. (P. 2)

FAIRNESS DOCTRINE BACK IN PLAY: Hollings, Inouye and Danforth introduce bills to reinstate controversial FCC rule. They also offer bill to restriction campaign ads. Danforth sets lowest-unit-rate bill. (P. 3)

PBS AND PRODUCERS SEEK MIDDLE GROUND ON HOME VIDEO RIGHTS: Compromise sought on requirement that PBS has right to match best offer for video rights to programs it finances. (P. 3)

In Time for Thurs. Meeting

QUELLO APPOINTED INTERIM FCC CHMN. BY CLINTON

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FEBRUARY 8, 1993

Quello named interim FCC chief

By DOUG HALONEN
Washington bureau chief

WASHINGTON—Moving to install new leadership at the Federal Communications Commission, President Bill Clinton on Friday named Jim Quello as the agency's interim chairman, effective immediately.

According to the White House announcement, Mr. Quello, a 19-year veteran of the agency and its senior Democrat, will head

the FCC until the president names a permanent chairman, a decision that is not expected soon.

As a result, Mr. Quello will be presiding at a time when the FCC is scheduled to confront some of its toughest issues ever, including setting new regulatory ground rules for cable TV and high-definition television.

By April, the commission, under court order, is also supposed to make a life-or-death

decision on the financial interest and syndication rules, which Mr. Quello strongly opposes.

Nonetheless, in an interview after the announcement, Mr. Quello, a former broadcaster and one of the industry's strongest champions, vowed to let the agency's majority freely decide fin-syn, and all other controversies.

In addition, he said he planned to do what he could to help real-
(Continued on Page 23)

Quello to interim FCC chief

(Continued from Page 1)

ize President Clinton's announced goal of spurring the installation of a national, multi-channel, broadband information network.

"We will be concentrating on doing what we have to in a fair and equitable way," Mr. Quello said.

In response to the appointment, Eddie Fritts, president and chief executive officer of the National Association of Broadcasters, said, "Jim Quello will make an excellent interim chairman. We are pleased we will have strong leadership during a period when a number of important issues, including HDTV, digital audio broadcasting and the Cable Act implementation, are at a crucial stage."

Added Peggy Laramie, a spokeswoman for the National Cable Television Association, "It sounds like a good idea to us."

The FCC had been without leadership since Jan. 19, when Al Sikes, the Bush administration's chairman, stepped down.

Some agency officials said they felt a new chairman was needed to give the FCC some direction.

However, it is unclear how much of a personal stamp Mr. Quello will be able to put on FCC policies during the weeks or months of his chairmanship.

In part, that's because an interim chairman is not expected to take actions that might preempt the president's permanent chairman.

In addition, Mr. Quello's colleagues will have unusually strong leverage over him since the FCC is in effect now operating with three votes, the minimum required by law for any action.

The FCC dropped to three votes last week when Commissioner Sherrie Marshall, a Republican Bush appointee, announced that she is looking for a job in the private sector.

Ms. Marshall said she was discussing a position with the law firm Latham & Watkins, so conflict-of-interest concerns precluded her from voting on broadcast and cable issues.

As long as it's limited to three members, the FCC is unlikely to take on any controversial matters, in part because each of the members of a three-member commission gets effective veto power over the agency.

However, FCC sources said Ms. Marshall is free to rescind her recusal, if negotiations with the law firm fall through.

That means she could eventually start voting again unless talks with another potential employer prevent her from doing so.

But she has been serving without an appointment since June 30 last year and is expected to leave as soon as she lands new employment. #