

ADDRESS BY FCC COMMISSIONER JAMES H. QUELLO  
before the  
Annual Convention of the National Translator Association  
Las Vegas, Nevada

November 1, 1982

I last spoke to the National Translator Association in 1977, in Salt Lake City. I was then a junior, confirmation-scarred Commissioner. Today, you have before you the senior Commissioner in age, service and other areas that will become more apparent as I try to read this highly technical 30 page speech.

I did find out one thing in my golden years ---like a former president interviewed in Playboy, I can still lust in my heart and mind---but it doesn't transmit! I look back now and regret all the mistakes of resisting temptation.

Anyway, I'm happy to have been reappointed to this important, prestigious job even though it doesn't play too big in Washington compared to Senators, Congressmen, Cabinet Officers, White House insiders and multi-buck lawyers and lobbyists. It can play big back in your home town -- even in Detroit, but not always with close friends who may be jaded and bored through years of close association with you. For example, one over-close friend congratulated me saying: "Congratulations! I can understand you working another term in a regulatory agency --- you are a little old for productive employment." Of course, I consider him a big-wit or something that sounds like that. Incidentally, he is not in a regulated industry.

My friendly older sister gushed "You are leading a very meaningful life in Washington, aren't you, Jimmy, with all those fascinating things you do." I said "yup--I spend half my time reading and attending meetings and the other half looking for my glasses." It's very gratifying and psychologically fulfilling when I locate them.

Another friend, or rather acquaintance, was the hale and hearty type. He slapped me on the back and said, "I see you are still a big shot -- I understand your closest admirer is only a mirror away!" (He wasn't from a regulated industry either.)

He should know that Commissioners are not allowed to feel important. Congress makes certain that regulators maintain a becoming humility -- at oversight they critique your traditional dismal performance, puncture your vanity and constantly remind you -- "Remember you are an arm of Congress." At oversight they ask such inquisitional questions as "Is there anything known to you and not to this committee that could possibly be used to discredit, disgrace or impeach you? Remember, you are under oath!" As is readily apparent, Senators and Congressmen are definitely not regulated by the FCC -- it's vice versa. Let the record show that I find their criticism justified and their humor stimulating.

Oh, I almost forgot. There is one international incident that did actually demonstrate the importance of having a Commission vote. (Cite experience in Italy during war; after the war during CAT 7 deliberations.)

But, it's good to be here among courteous friends in a regulated industry. Low power TV and translators are fascinating subjects that could become even more fascinating if we move ahead by granting applications and enacting helpful rules to transform LPTV potential to reality.

Since my last appearance before you, the FCC has been involved in fascinating, evolutionary developments in communications that will have a major impact upon you. In the past three years alone, we have authorized a number of new services -- direct broadcast satellite, low power television, AM stereo, and cellular mobile radio. We have seen the proliferation of multiple channel cable services and we are urged to allocate frequencies to facilitate the creation of multiple channel MDS. We have deregulated radio and subscription TV, and we have undertaken several rulemakings that will eliminate or streamline paperwork for broadcasters and agency personnel alike, in accordance with Chairman Fowler's commendable commitment to "Unregulation." On the other hand, we have regulated where it is necessary to your interests as in requiring improved UHF noise standards.

My position on these important developments is a matter of public record by Commission vote, my separate statements and my remarks before groups such as this one. In general, I continue to believe that FCC regulation is most effectively accomplished in a spirit of mutual cooperation with the regulated industries. An adversarial approach should be reserved for only the most serious disagreements or controversies. So today I come in friendship to learn more about your concerns so that I can more knowledgeably apply a practical public interest standard in FCC deliberations. And I come to give you a brief update on the Commission's latest actions and expectations regarding low power TV and translators.

First, looking back to when I last addressed you, the onrush of video technology since 1977 makes this five-year span seem like eons. Things have changed since I talked with you about such topics as translator/cable regulatory disparity as it then was perceived. The use of FM microwave was not permitted for translators at that time. I think you would agree that much of the focus has shifted, and that much of that shift has to do with the technological explosion that has affected the entire telecommunications industry in ways we only are beginning to understand.

In 1977, our concerns were with the provision of FM terrestrial microwave to relay television signals from point to point. Today, we are looking at the potential for satellite distribution of television signals throughout the nation. While both satellite and terrestrial microwave interconnection were authorized by the Commission in 1978, it is only with the low power rulemaking that satellite distribution has been permitted. The quality and relatively low cost of satellite distribution can provide a means of making high-quality programming available to virtually all of the American people at a cost they can afford. In addition, satellite distribution provides an economical means

of "narrowcasting" to some of our larger television markets, providing programming that will appeal to smaller audiences than the major television networks have been able to serve adequately.

Of course, satellite transmission is something of a mixed blessing to translator and potential low power television operators. Direct broadcasting satellites are expected to be in operation by 1986. The Commission recently authorized the construction of such satellites by Satellite Television Corporation, a subsidiary of Comsat. And within the next few days, I expect that the Commission will authorize construction of several more systems. In fact, the Commission recently approved a satellite service that proposes to serve homes as part of its programming package. This service may begin next year in some parts of the country using transponders on a Canadian satellite. This service proposal is a matter of considerable controversy, however, and I am unable to make any comment relating to the merits or ultimate outcome of that proposal at this time.

If the FCC gets off the dime and begins authorizing low power stations in earnest, which I'll discuss in greater detail later, low power may have an advantage over DBS in that stations will be operational sooner. Low power stations certainly require less capital to start up. The two services may operate in partnership in some cases as DBS licensees may wish to supply programming to low power stations. Ultimately, however, DBS and low power may be in competition for the same uncabled markets. Given the potential of DBS, it would appear that low power TV may have to find a market or markets, distinct from those to be served by the more ubiquitous direct satellite services or at least complementary to them. Some obvious opportunities come to mind. Clearly, direct broadcast satellites cannot serve each community with programming of interest only to that community. Thus, the time-honored broadcasting concept of localism would seem to be a natural opportunity for low power TV to provide a service which now is being provided in greater or lesser degree only by terrestrial broadcasting services. There is a further advantage to be found in low power in that your services may be provided without additional equipment costs to the consumer in most cases.

Regarding the consumers' ability to receive your signals, I am very pleased to remind you that the Commission recently required a further reduction in UHF receiver noise to better permit reception of UHF signals. Because some 80 percent of the LPTV applications specify UHF transmitters, better receiver noise performance should be encouraging to those of you who intend to provide UHF low power television services. The fact is that, in anticipation of such Commission action, many receiver manufacturers already have greatly improved noise-figure performance.

• With the great interest in low power transmission equipment and the recent advances in studio-quality video equipment, costs should come down significantly for low power television operators in the near term. Although costs may not be so modest as some of you were led to believe when the Commission first entertained the idea of low power TV, they are considerably below what full service television stations must bear, and much below DBS and Cable.



I expect that your principal interest in hearing from a representative of the Federal Communications Commission concerns when you may expect an authorization to commence service. I regret that I cannot announce any new breakthrough in application processing which is on the immediate horizon. On June 21, 1982, the Commission announced a 90-day period for submitting amendments to low power applications in order to bring them into compliance with the final low power rules. The Commission received approximately 3500 amendments by the deadline of September 21, 1982. During the amendment period, the Commission necessarily has made no construction permit grants. Grants were precluded by the fact that the processing data base was constantly changing as a result of the amendments. Over the course of the fiscal year, however, the Commission did grant more than 105 low power applications and 1200 translator applications. This is a 190% increase over the preceding fiscal year. The amendment period should be completed by October 31, 1982. Some 50-60 applications which have passed the cut-off date will then be eligible for processing immediately. A new cut-off list for pending Tier I applications will be released in mid-November with a late December cut-off date. After the December cut-off, a regular processing line will be functioning and granting applications.

The rate of processing will remain slow so long as all the processing must be done manually. It is expected that 35 applications per month will be processed, reaching 50 per month by the time the new mini computer is on-line and functioning. To assist the Commission's processing efforts, additional staff have been trained in application processing during the amendment period. Also, the reorganization of the Broadcast and Cable Bureaus into a new Mass Media Bureau will provide additional staff for processing low power and translator applications. Once the computer is on-line, hopefully by late April of 1983, the Commission hopes to act on 260 applications per month, eventually working its way up to 500 applications per month.

An additional important step was taken last month when the Commission adopted a Notice of Proposed Rulemaking proposing a lottery for LPTV. As directed by Congress, the Commission included a preference for minority applicants and one for applicants who own no other media facilities. The availability of a lottery could really speed up the resolution of the application crisis in both urban and rural areas. I encourage you to participate in this proceeding by filing your comments and suggestions with the Commission.

I cannot deny that there have been delays in the processing and implementation of low power TV. I recognize that your existing and potential businesses may have suffered as a result. I suggest to you, however, that the delays were not because of the Commission's insensitivity to your demands, desires, and needs, but rather an attempt by the Commission to develop a system to fairly and equitably award these new and exciting broadcast facilities.

While so much has changed since 1977, I find it interesting that some of the same issues regarding the relationship between translators and low power stations and cable systems that I addressed then still are highly relevant today. In 1977, I advocated a re-examination of the translator/cable cross-ownership rules; and, as you know, the Commission eliminated all multiple and cross-ownership rules for translators in the low power Report and Order. I like to think that we have structured low power as the first truly "unregulated" service, in which competition will obviate the need for regulation in most situations. For example, existing translators are permitted to originate programming, and effectively become low power stations, with a simple notification to the FCC. In addition, we imposed no three-year holding period on new low power stations, as we have for full service stations. The only limitation on the transferability of low power stations is a one-year holding period for stations that are acquired by virtue of a comparative preference in hearing or lottery.

I hasten to add, however, that the Commission's present restrictions on the transfer of applications and construction permits apply to low power. Under the Communications Act, any agreement whereby one of two or more mutually exclusive applicants agrees to withdraw his application, thereby removing the mutual exclusivity, must be approved by the Commission, and any amount paid for withdrawal may not exceed the expenses incurred in filing and prosecuting the application. Additionally, no construction permit for a station that is not actually operating may be sold for any amount exceeding the reasonable expenses actually incurred in construction of the station.

These are important rules, and I urge you to honor them. Also in a regulatory vein, anticipating your questions, I must tell you that I doubt that the Commission will be willing to waive the power limits of 10 watts VHF and 1000 watts UHF for translators and low power stations. We are having a hard enough time processing the many applications within these power limits, without looking at higher-powered low power on a case-by-case basis.

I also think it will be a while before we see low power FM stations. Because we do have petitions and waiver requests pending for a low power FM service, it would be inappropriate for me to discuss the merits of low power radio. However, I can say that I think it's unlikely that the Commission ever will contemplate authorization of a service without the staff to process the many anticipated applications. We have at least learned that much from the low power experience. I am aware of only one waiver that has been granted for an FM translator to operate as anything but a strict repeater station, in Brewster, Washington, and I do not anticipate more.

One area where the Commission did not choose to apply regulations to low power, where I'll bet most of you wish we had, is in the area of mandatory carriage by cable systems. And I must add that my sympathies are with you. We did maintain the existing rule that requires local cable systems to carry translators, but did not extend this stricture to low power. I for one recognize that this may put you in an untenable position, especially in highly cabled areas. I would hope that in many instances, carriage by cable systems will occur because low power programming is so successful. While I agree that mandatory carriage rules are not



in accord with this Commission's marketplace approach, which I fully support, I recognize that these are sensitive and difficult issues for you, and I would hope that we can achieve some workable compromise.

I don't believe that "may carry" status will mean the inevitable demise of low power, however. I believe that low power is an idea whose time has come and that the interest in low power TV is likely to grow even stronger with new expanding audiences.

I reject the theory of some that low power TV represents a new toy with a limited interest span. The original cost of investment and potential for local service makes it much more than a passing fancy.

It can't be equated to trendy CBs where there has been a drastic, virtually unnoticed reduction in applications and interest. In an almost unbelievable reversal in trend, CB applications have dwindled to fewer than 42,000 per month. At its height a few years ago, the FCC had the impossible task of processing nearly one million applications per month without adequate staffing. At one time, it was estimated that 15 million CBs were in operation in the U.S.A. Today, the best estimates are only six million.

I would like to close on something of a personal note. I can state with some assurance that there is no stronger supporter of public television than I now serving on the FCC. In my position as Chairman of the Congressionally-created Temporary Commission on Alternative Financing for Public Telecommunications, I have worked for and supported every viable effort to preserve and improve public broadcasting services. Nevertheless, I found that I had to disagree with most of my friends in the public broadcasting community when I supported deletion of the special comparative preference which had been proposed for those applicants who would operate non-commercially in the new low power TV service. I could not support such special treatment for non-commercial operation for one reason: as approved by the FCC, low power television will be the most unregulated broadcasting service in the world. As such, low power television provides an opportunity to examine the development of a video industry based entirely on entrepreneurial incentives rather than government-set priorities. For example, a non-commercial licensee will be able to sell subscription service or sell advertising to support its operations. I think this approach fully accords with the legacy of the early translator service. In this historic proceeding, the FCC recognized that it does not have the answers regarding what new video services will best serve the interests of the American people. Rather, it is you who have those answers, and it is you who will risk your businesses upon whether people watch your programming.

While the delays have been almost intolerable, we at the FCC now are doing everything we can to get you on the air, and I for one am damned anxious to find out what you have to offer. Outside the severe technical restraints of secondary status and limited power under which you must operate, the potential of your service is limited only by your imaginations. I heartily applaud your initiative, I strongly support your freedom and I anxiously await the result of your efforts. You have my best wishes for continued achievement in the promising years ahead.

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