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FOCUS ON

TELECOM

Would last TV station turn out the lights?
By Thomas Hazlett

America's 350 public TV stations have made a stunning proposal. They would like to give their analog broadcast licenses back to the government by 2006. While viewers would continue watching public TV via digital broadcasts, cable or satellite, public stations would save \$36 million a year on electricity.



Patrick G. Ryan

Other outlets, such as satellite, marginalize over-air broadcasting.

In fact, some commercial and public stations have already turned off to save power. Channel 53 in Atlantic City, N.J., Channel 31 near Palm Springs, Calif., and Channel 53 in Goldvein, Va. (an hour from Washington, D.C.) have pulled the plug over the past several months.

Broadcast stations' volunteering to go dark sends a clear signal. Over-the-air transmissions are becoming useless, not worth the cost of firing up the transmitter.

Yet the spectacle of digital television (DTV) is most incredible because radio spectrum — the use of which constitutes the overwhelming majority of station costs — is provided to stations free of charge. Because the government awards frequencies and bars unauthorized uses, licensees have no opportunity to divert bandwidth to new services. By protecting a video delivery system mapped out in the 1940s, regulators spike the emergence of advanced networks that could revolutionize communications.

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A key fiction is that old-style broadcasting makes good use of prime VHF and UHF bands. The tale is mocked by the 90 percent of households paying \$30-\$100 a month to escape “free” over-the-air television. With cable and satellite now available, TV-band spectrum could host innovations such as high-speed broadband and video on demand.

Ironically, the TV broadcasters that Federal Communications Commission (FCC) policies seek to protect are trying to escape the fort. They see over-the-air telecasts as increasingly irrelevant to viewers. Carriage on cable and satellite systems is vital, however. Popular stations, including network affiliates, negotiate a price for local cable carriage. Marginal stations rely on must-carry rules mandating that cable systems retransmit all local TV signals. Either way, broadcast transmitters are becoming vestigial organs. A so-called broadcast network, WB, uses cable stations, rather than TV-station affiliates, to distribute its shows in half of the 210 U.S. TV markets.

The FCC requires TV licensees to simulcast both analog and digital signals at least through 2006, but transition booby-traps inserted in the 1997 Budget Act will stretch the process years beyond. They require that before analog signals are turned off in a market, 85 percent of local households have to be equipped with digital off-air reception capability. Arcane details make this mission impossible; even if every home received local broadcasts over cable, the 85 percent threshold would not be met under any likely scenario.

Allowing the TV band to be tied up for another decade ignores the enormous social value of spectrum. Wireless networks could productively use the frequencies to expand and improve cellular service, with added airspace dramatically decreasing costs. Entrepreneurs lust for access to the rich VHF and UHF frequencies to unleash mobile Internet-based applications offering consumers a cornucopia of fresh choices for voice, data, video and applications yet to be dreamed.

Just this week, an iota of economic rationality was sighted. Congress, reported by Multichannel News to be “under pressure from the spectrum-hungry wireless phone industry,” may in turn be pushing the FCC “to map a plan that would set a firm date for the return of broadcasters’ analog spectrum.” The model cited by FCC insiders was the “Berlin Switch.” The German capital was the first jurisdiction to give up analog broadcasts — cold turkey — last August.

Such a bold move here would require immediate resolution of a regulatory decision long put off. Broadcast transmissions, if unimportant to viewers, are crucial for must-carry rights guaranteeing TV stations slots on local cable lineups. Indeed, when an analog signal is replaced by a digital signal that virtually no one watches, cable carriage expands because the digital

“footprint” is larger. When WWAC-TV flicked off last year, it won cable carriage to 1.8 million homes in the Philadelphia TV market, up from just 575,000. And power costs were slashed.

TV stations care about electricity bills, which they must pay, but quite reasonably ignore the cost of radio spectrum, which they do not pay for. But someone should care. Based on the social value of wireless phone service, the TV band is worth upwards of \$500 billion — \$300 million per TV station.

The efficient solution is to allow stations to use frequencies without restrictions. All unused TV channels — the government originally set aside 67 in each market — should be assigned by auction, with new licensees permitted to provide any service using any technology. Then brace for the big sucking sound, as entrepreneurs buy and sell bandwidth, investing airwave blocks in promising networks or applications. Ad-supported, over-the-air TV broadcasting may survive, if reconfigured.

Innovative entertainment services, digitally compressed to pack dozens of programs onto a few channels, could offer viable alternatives to cable and satellite.

Today’s TV broadcasts are obscenely expensive markers for cable carriage rights.

Alert station owners, like those in public television, already see that TV programming may be a better business without spewing useless radiation. Rather than clinging to a TV-band plan crafted during the Truman administration, regulators ought to end the blockade preventing prime spectrum from accommodating the wireless technologies of today and tomorrow.

Hazlett is a senior fellow at the Manhattan Institute and former chief economist of the Federal Communications Commission.

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733 Fifteenth Street, NW Suite 1140
Washington, DC 20005
202-628-8500 tel | 202-628-8503 fax

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