THE SECRETARY OF COMMERCE
Washington, D.C. 20230

JAN 14 2009

The Honorable Henry A. Waxman
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

As you know, the nation is scheduled to complete its transition to digital television broadcasts on February 17th. This transition is of critical importance to the economy and public safety, since it will provide new communications frequencies for commercial wireless broadband services and our nation's first responders. I am writing to urge no delay in realizing the benefits of this important initiative, and to offer the Administration's continued assistance in ensuring a successful digital transition.

Since January 1, 2008, the TV Converter Box Coupon Program (Coupon Program), which is administered by the Commerce Department's National Telecommunications and Information Administration (NTIA), has been distributing up to two $40 coupons to requesting households to help ensure their readiness for the February 17, 2009 transition to digital television. For more than a year, the Department and I have conducted extensive outreach to publicize the transition and the need for households that rely on over-the-air television to act well in advance of the deadline. The Federal Communications Commission, broadcasters, and others have also widely publicized the upcoming transition.

The Department and NTIA are pleased with the level of consumer participation in the Coupon Program to date and the contribution it has made to the success of the DTV transition. In particular, the level of participation in the Program by over-the-air households is significant. In January 2008, Nielsen estimated that there were 14.3 million over-the-air households. As of January 13, 2009, coupons have been distributed to more than 13.5 million households who certify themselves as over-the-air reliant.

Awareness of the transition among Americans has gone from less 40 percent awareness to nearly 97 percent awareness in only two years. This is testament to the success of the efforts of the Program, the Federal Communications Commission, and all of the public and private stakeholders. To amend the digital transition schedule after years of preparation would cause confusion and would undermine the public outreach that has resulted in near-universal awareness of the termination of analog television broadcasts on February 17th. It is also important to maintain the integrity of deadlines that have been widely publicized for well over a year, when NTIA first began distributing coupons, let alone since the legislation setting the deadline was enacted, more than three years ago.

The success of our combined consumer education efforts has clearly led Americans to act. After strong and relatively steady coupon demand through most of 2008, demand for coupons increased dramatically in December. On January 4, 2009, the full $1.34 billion available for coupons became fully obligated. This extremely heavy and sustained increase in demand is one of the potential scenarios described to Congress by NTIA in its November 6, 2008, *Final Phase Plan*. As noted in that Plan, because the number of incoming applications is exceeding the number of coupons expiring unredeemed, and because the law requires NTIA to assume a 100 percent redemption rate, NTIA now is placing consumer requests for coupons on a waiting list. NTIA is fulfilling requests on the waiting list as funds from expired coupons become available. To date, approximately 53 percent of coupons are being redeemed. As of January 13, 2009, the waiting list has grown to 1.2 million households (approximately half of which certify themselves as over-the-air households).

As I believe you know, the Administration supports legislation that would allow NTIA to immediately resume timely distribution of coupons. Under such a proposal, NTIA would be given $250 million in increased budget authority to distribute additional coupons, based upon an estimated equivalent amount that is expected to be realized from de-obligating funds from coupons that expire after March 31, 2009. In effect, this approach would allow NTIA to accelerate the distribution of coupons that it would have otherwise issued after the application window closes on March 31, as required by law. As a result, NTIA could issue over 6 million coupons in the near-term, and up to another 3.5 million through the end of the program, as funds from expired coupons cycle back into the program, while maintaining costs within, or very close to, the $1.5 billion currently authorized for the Program.

This approach would ease the transition for consumers seeking coupons, while maintaining the integrity of the transition plans and ensuring that the benefits of the transition are realized by the many interests in the nation – consumers, public-safety interests, broadcasters, and wireless firms – that are planning on them. I urge you to consider this responsible and constructive approach.

Sincerely,

Carlos M. Gutierrez