

STATEMENT OF COMMISSIONER ROBERT M. MCDOWELL

Re: Digital Audio Broadcasting Systems and Their Impact on the Terrestrial Radio Broadcast Service, Second Report and Order, First Order on Reconsideration and Second Further Notice of Proposed Rulemaking, MM Docket 99-325

This is a historic Order for the FCC and for America. With it, we begin to adopt service rules and other licensing and operational requirements for terrestrial digital radio. This Order provides both the regulatory certainty and the flexibility that the broadcasting industry needs to expedite the transition to digital radio and to provide higher quality audio, diverse programming and innovative data services to the public on free, over-the-air stations. Our Order today enables broadcast entrepreneurs to bring to the marketplace this powerful new technology to the benefit of all American consumers. Our action today also allows the U.S. to catch up to several other countries that have already adopted digital broadcast standards.

Since the Commission's selection in 2002 of the in-band on-channel (IBOC) technology and the iBiquity IBOC systems as the standards for interim digital operation, 1,225 radio stations have begun broadcasting in digital. Since the Commission endorsed experimental authorizations for multicasting just two years ago, approximately 300 broadcasters have sought and received authorizations to multicast their audio streams. According to iBiquity, in the Washington, D.C. area, 20 digital radio stations are broadcasting 30 HD radio channels, with seven more channels coming soon. As new programming streams have become available, the number of choices in digital radio receivers sold at retail has increased dramatically while prices have decreased. Consumers are the beneficiaries. This technology opens up tremendous opportunities for broadcasters to serve their communities and to compete more vigorously in the audio marketplace.

I applaud the courageous "early adopters" of IBOC technology for taking the initiative and embracing the capabilities of digital radio and multicasting to provide their listeners with better quality sound and expanded programming options, particularly for underserved and niche audiences, without an additional government mandate. Thank goodness the private sector did not wait for the government to act. The Commission has delayed adopting these standards for nearly a year while we debated whether to foist additional regulations on this budding technology. So, I offer my heartfelt thanks to the over 1200 broadcasters who knew better than to wait for the government.

I am especially gratified to hear that public radio stations are among those leading the charge in early adoption. Approximately 220 public radio stations across the country are broadcasting in digital, with 60 of those multicasting program streams. A local NPR station, WAMU, licensed to American University, broadcasts the Adult Album Alternative (AAA) programming of publicly-funded WTMD in Towson, MD, on its second digital channel. This collaboration brings AAA music, focused on rock, folk rock, country rock, modern rock, blues, folk and world music, back to Washington, D.C.,

for the first time since the late 1990s. On its third digital station, WAMU expanded its bluegrass music offering to a full-time service.

We intend today's Order to spur additional marketplace investment in digital radio by providing certainty for broadcasters and equipment manufacturers to continue their roll-out of digital operations, programming and products. By taking the "experimental" label off of multicasting, the Order ensures that terrestrial radio has the technical capacity to remain competitive with satellite radio services and other media. Moreover, the flexible bandwidth policy adopted today will give radio stations the discretion to use multiple program streams and datacasting services as they see fit to best serve their listeners and, therefore, their communities. The benefit to the public interest will be immeasurable. In fact, these new multicast stations are inherently public-interest oriented, and may change the public interest dynamic, for the better, in the long run. But let's study how multicasting evolves on its own and under existing public interest obligations before we try to anticipate or micromanage the market. My guess is my dissenting colleagues will be pleasantly surprised.

As indicated in the Order and the Further Notice portion of the item, we should evaluate several issues, including the current and future public interest obligations of radio stations and appropriate treatment of subscription-based radio services, at a later time. Keep in mind that existing public interest obligations that currently apply to broadcasters also apply to their new multicast streams. My hypothesis is that the proper course now is to allow these nascent digital radio services to develop in the marketplace without heaping additional regulations upon them. But I will read the public's comments with great interest. We at the Commission will watch market developments carefully, mindful of our role to adopt new rules should they become necessary. The Further Notice is broad and strong and I wish all four of my colleagues had supported it because it really does tee up the issues that they, and all of us, care about so much.

I thank my colleagues for their support of this Order and the Media Bureau staff for their hard work. I enthusiastically support the Order.