

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

Release Date: January 13, 1975
Contact: John A. Loftus
(202) 395-4990

NEWS RELEASE

•OTP PICKS NOAA SYSTEM FOR HOME WARNING

John M. Eger, Acting Director of the Office of Telecommunications Policy, today announced new developments in the national policy for using telecommunications to warn the public of an enemy attack or natural disasters. The new policy respecting home warning designates the National Weather Service VHF/FM forecasting and warning system (Weather Radio) as the sole Government operated radio system for communicating attack or disaster warnings directly to the general public in their homes. The National Weather Service is an agency of the National Oceanic and Atmospheric Administration (NOAA).

In November 1971, the Warning Steering Committee, an interagency group chaired by OTP, completed a review of national policies and programs for using telecommunications to warn the general public. It was established at that time that the acquisition and use of any home warning receiver should be a voluntary decision by each citizen.

The 1971 policy statement also committed the Federal Government to pursue a program that would "establish a rapid, reliable warning capability, and bring the cost of a warning receiver within the reach of every American citizen."

"Studies conducted since 1971 now have led OTP to update and reaffirm that policy," Mr. Eger said, adding that the public interest would be served best by a single Government operated system for warning citizens in their homes of enemy attack or natural disasters and that the NOAA Weather Radio System, already operational for weather warning, can be adjusted easily to include attack warning. The NOAA system incorporates a special tone alert signal permitting home radio receivers to be activated automatically if desired by the owner.

Therefore, Mr. Eger reaffirmed the need to protect the privacy and consumer interests of the public from undue Government intrusion, even for warning purposes. "Under no circumstances should the Government require or legislate a warning receiver in the private home," he said.

The new policy statement designating the NOAA Weather Radio as the sole Government operated radio system for communicating warning directly to the general public means that other systems under consideration or experimentation by the Federal Government "should no longer be considered candidates for this function," Mr. Eger said. "The development of alternative systems, if allowed to continue unchecked, could result not only in a needless proliferation of home warning systems, but could also effectively split the market and keep costs of home receivers so high as to be a serious obstacle to widespread voluntary purchase," Mr. Eger said.

Mr. Eger stressed that the use of the Weather Radio to broadcast warnings directly to the home is a supplementary measure designed to improve the coverage of existing warning systems. The primary system for transmitting warning of an enemy attack to State and local governments will continue to be the National Warning System (NAWAS).

NAWAS -- operated by the Defense Civil Preparedness Agency -- inter-connects with 1200 local government warning points to notify local government officials that public attack warning should be sounded by siren systems and other locally-chosen means. Radio and television stations also are notified through the national newswire services that an attack warning has been issued.

Commenting on today's statement, Mr. Eger took particular note of Congressman Clarence J. (Bud) Brown's long standing interest in home warning, and expressed his gratitude to the Ohio Republican for his cooperation and assistance in support of a coordinated national policy. A separate statement reflecting Mr. Brown's own views on the subject was issued today from the Congressman's Capitol Hill office.

A background paper further explaining the home warning policy is attached to OTP's policy statement.

30 JAN 1975

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Honorable Richard F. Wiley
Chairman
Federal Communications Commission
Washington, D.C. 20554

Dear Mr. Chairman:

In October 1973, this Office forwarded to the Commission a report dealing with the spectrum support necessary to upgrade and provide for Emergency Medical Service Communications. This served as a basis for making common frequencies available for both Government and non-Government emergency medical services.

The Emergency Medical Service Act of 1973 made certain funds available for the development of comprehensive area emergency medical service systems. The Departments of Health, Education and Welfare (HEW) and Transportation (DOT) are charged with implementing the provisions of this act. In June of 1974, the Administrator, National Highway Traffic Safety Administration, requested this Office to develop a recommended standard for biomedical telemetry; such standard to facilitate compatibility and interoperability among emergency medical telecommunication systems, regardless of geographical area or units involved. DOT and HEW are holding funding of systems in abeyance, pending the promulgation and implementation of such a standard on a nationwide basis.

At its meeting of January 21, 1975, the IRAC endorsed the enclosed recommended minimum standard for emergency medical telemetry for promulgation within the Federal Government (enclosure 1). The IRAC effort had the benefit of close coordination and inputs from the Commission's staff, cognizant Government agencies (DOT, HEW, etc.), and segments of industry and the medical profession. Enclosure 2 is a preliminary report which provides background and documentation supporting the development of the above standard.

This standard is hereby forwarded to the Commission for appropriate action looking toward incorporation into the FCC Rules. Since the frequencies available nationally for emergency medical services are shared between the Government and non-Government, promulgation within the Federal Government is being held in abeyance pending such incorporation.

In view of the foregoing your earliest consideration of this matter would be appreciated.

Sincerely,

DMJANSKY/alh/1/30/75

cc: DO IRON
DO RECORDS
EMD

John Eger
Acting

Enclosures

Satellite System

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

January 31, 1975

DEPUTY DIRECTOR

MEMORANDUM TO: Russell Drew, NSF
Charles Fitzsimmons, HUD
Charles Matthews, NASA
William Morrill, HEW
John Richardson, Commerce
Robert Shamaskin, VA
Richard Velde, Justice

SUBJECT: Organization of an Interagency Committee
to Coordinate New Communication Satellite
Technology Applications

On January 20, 1975, a meeting was held to review recent developments concerning the domestic use of communication satellite systems and to discuss the interest of the Federal Government in this area. A list of attendees at this meeting is attached.

The technology under discussion at the meeting concerns the use of relatively high power satellites in conjunction with low-cost earth terminals. The current NASA-HEW experiments using the ATS-6 satellite to deliver instructional television and medical information to communities in remote areas are examples of applications of this technology. The success of these experiments has generated considerable interest in the creation of a commercial follow-on whereby this service could be provided on an operational basis by the private sector rather than through a government-owned system. Certain non-Federal entities are exploring the formation of a user consortium to implement such a follow-on system.

Those who attended the January 20 meeting agreed that an interagency committee should be established as a mechanism to coordinate Federal support of this effort. This committee would coordinate an analysis of potential Federal uses of a high power communication satellite service and investigate sources of Federal technical and financial support for the initiation of such a service. The results of this analysis and investigation would provide the basis for the development of a comprehensive plan that would facilitate both Federal and private sector application of this technology.

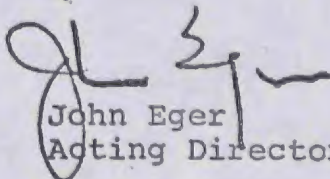
OTP was requested to draft a charter for the interagency committee. Work on this charter is in progress, and the first draft of this charter will be distributed soon for comments.

OTP was also asked to prepare a questionnaire assessing Federal interest and requirements in this area, a copy of which is attached. You are requested to complete this questionnaire on behalf of your agency. This preliminary information will be used as a basis for a more detailed analysis of agency requirements.

Agency responses to the questionnaire are requested by February 14, 1975.

Please return completed questionnaires to:

Mr. Charles C. Joyce, Jr.
Assistant Director
Office of Telecommunications Policy
1800 G Street, N.W.
Washington, D.C. 20504


John Eger
Acting Director

Attachment

cc: Robert Brown, VA
Matthew Dillon, VA
Wilbur Eskite, Commerce
James Holland, HEW
Albert Horley, HEW
Richard Marsten, NASA
Robert Powers, Commerce
Allen Shinn, NSF
Richard Stone, NSF

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

DEPUTY DIRECTOR

February 3, 1975

MEMORANDUM FOR:

Secretary, Department of Agriculture
Secretary, Department of Commerce
Secretary, Department of Defense
Secretary, Department of Health, Education
and Welfare
Secretary, Department of Housing and Urban
Development
Secretary, Department of the Interior
Attorney General, Department of Justice
Secretary, Department of Labor
Secretary, Department of State
Secretary, Department of Transportation
Secretary, Department of the Treasury
Administrator, Environmental Protection Agency
Administrator, General Services Administration
Administrator, National Aeronautics and
Space Administration
Administrator, Law Enforcement Assistance
Administration
Chairman, Atomic Energy Commission
Chairman, Consumer Product Safety Commission
Chairman, National Endowment for the Arts
Chairman, National Endowment for the Humanities
Director, National Science Foundation
Director, United States Information Agency
Special Assistant to the President for Consumer
Affairs

SUBJECT: Questionnaire on Government Funding for Educational
Television and Radio Programming

Attached is a questionnaire designed to secure information on
the extent and nature of Federal Government grants, contracts
or other funding methods for programming on non-commercial,
educational television and radio stations.

Among the functions of the Office of Telecommunications Policy is the general responsibility for formulating policy on the Federal Government's use of telecommunications. OTP is particularly concerned about the extent and nature of Government-sponsored programs for the general public through the use of radio and television. An expression of this Office's concern may be found in the interagency report on the Government's use of audio-visual facilities, and, most recently, in OTP's draft guidelines regarding the content, format and dissemination of prerecorded audio news messages prepared by Government and intended for broadcast to the public. 3

While the Government has a responsibility to inform the public on the conduct of Government activities, we are mindful that a potential exists for the Government to engage in excessive or inappropriate attempts to reach the public through the broadcast media. A great deal of care, therefore, must be exercised when Federal agencies seek to fund programs or use the facilities of broadcast stations. 4

In this regard, Congress has expressed a special concern about the relationship between non-commercial, educational broadcasting and the Federal Government. For example, in enacting the Public Broadcasting Act of 1967, Congress created the Corporation for Public Broadcasting (CPB), whose purpose was to insulate programming decisions from the influence of Federal funding. In addition, the Act enjoins Government agencies and officials from exercising any direction, supervision or control over educational radio or television broadcasting.

In keeping with the responsibilities of this Office and the views expressed by the Congress on this matter, we are accumulating information that will assist in evaluating the extent to which Federal departments and agencies are engaged in the funding of non-commercial, educational broadcast programming.

Your department is requested to complete the attached questionnaire and return it to this Office by March 14, 1975. Inquiries may be directed to Mr. John A. Loftus, at 395-4990 (IDS) 103.

John Eger
Acting Director

Attachment

OFFICE OF TELECOMMUNICATIONS POLICY

EXECUTIVE OFFICE OF THE PRESIDENT

WASHINGTON, D.C. 20504

February 25, 1975

DEPUTY DIRECTOR

Honorable Richard Wiley
Chairman
Federal Communications Commission
1919 M Street, N. W.
Washington, D. C. 20554

Dear Dick:

The Commission's inquiry in Docket No. 20097 regarding resale and shared use of common carrier services and facilities poses two important challenges for the Commission. First, it presents a unique opportunity to enable more efficient and innovative utilization of common carrier facilities by the removal of the present tariff restrictions and, second, it challenges the Commission to demonstrate that the regulatory process can be used creatively to enhance consumer choice and reduce costs at a time when regulatory action in general is coming under close scrutiny and examination.

The Office of Telecommunications Policy has, on several occasions, commented on the advantages of liberalized resale of common carrier transmission capacity. In our letters of May, 1973 and June, 1974 regarding the Bell System's DATAPHONE Digital Service, we urged authorization under conditions that would permit resale of this basic transmission capability through the addition of hardware or software to provide customized digital services. In our letter of January 24, 1974 concerning the authorization of certain value-added services, we stated that we regard the emergence of "brokers" and other intermediaries in the communications field as an important means of meeting unique and specialized communications requirements. The Commission itself has noted that the middleman has made important contributions to nearly all aspects of commerce throughout our Nation's history, and we believe it is in the public interest to open the way for similar contributions in communications services.

We have continued the studies to which we referred in our January 24 letter and have now had an opportunity to review the various filings submitted to the Commission in the first round of these proceedings. The enclosed Comments summarize our findings and recommendations, and I would be pleased to have them placed on public record for comment in the third round.

Basically, we find that to the extent present tariff restrictions prohibit or severely limit resale or shared use--more generically, brokerage--of common carrier circuits, significant public benefits are denied. In our judgment, removal of these restrictions would promote the development of innovative and diversified communications services closely tailored to the needs of individual users and would tend to equalize communications costs as between large and small users. Moreover, it would promote the more efficient utilization of common carrier facilities and help to eliminate price inequities within common carrier tariff structures. A detailed discussion of these and other benefits that would result from a liberalized resale policy is set forth in our enclosed Comments.

The second challenge that is posed by this proceeding is the opportunity to demonstrate that the regulatory process remains innovative in serving the interests of the rate-paying public. Although the Commission as well as several parties commenting herein have leaned in the direction of common carrier regulation of intermediary activities, we find no convincing legal or policy justification for moving in such a direction. As we discuss in our Comments, given the economic and functional characteristics of these activities, there is simply no need to employ here the regulatory tools provided by Title II of the Communications Act. To do so would be to repeat the mistakes made in the regulatory treatment of brokerage in certain other regulated industries, the results of which have been stagnation and injury both to the industry and to the consuming public.

At a time when computer and communications technologies are converging to make possible new and dynamic services, it would be most unfortunate to inhibit innovation through the imposition of unnecessary regulatory constraints. It would be far better, in our judgment, for the Commission to stay its regulatory hand and permit the forces of competition and the marketplace to determine how, when and at what prices these services will be made available. Such a course would be in keeping with the view recently expressed in the Annual Report of the Council of Economic Advisors that "it is particularly important to view critically any proposals for increased regulation" and "equally important to look for ways of lessening regulation when the benefits of improved economic performance outweigh any sacrifice of other objectives." In short, there is an opportunity here for the Commission to point the way toward enlightened regulatory reform that draws on the inherent advantages of competition for the improvement of the communication industry and for the benefit of the public it serves.

I hope that you will find our analysis helpful as the Commission considers what we believe to be one of the more significant policy issues to come before it in this decade.

Sincerely,

(s/

John Eger
Acting Director

Enclosure

Copy to all parties of record
in Docket No. 20097.

(CONFIDENTIAL)
CONFIDENTIAL

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

April 24, 1975

DEPUTY DIRECTOR

Honorable Richard Wiley
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Dick:

In Docket 20003, the Commission is inquiring into the economic and regulatory effects of introducing competition with established common carriers for the provision of customer terminal equipment and specialized private-line services. At the outset, we wish to reiterate our basic policy premise that competition, the cornerstone of our free enterprise system, tends by its very nature to promote innovative services and to lower prices for consumers. We do recognize, of course, that the Commission was not writing on a clean slate when it reached its decisions to allow competition in these two markets, since the relevant products and services had previously been provided and priced exclusively in a regulated monopoly context. The inevitable result of introducing selective competition into what had developed as a purely monopolistic industry has been to create a need for certain regulatory adjustments in the cost and pricing practices of established common carriers, not only in the product and service markets where they now face competition, but also in those which continue to be supplied on a monopoly basis.

We have taken as the central concerns of this proceeding (a) the possible impact of competition in the terminal equipment and private-line markets on local exchange rates for basic telephone service; and (b) the adjustments to traditional cost allocation and pricing practices that may be necessary or appropriate to minimize any adverse effects on residential ratepayers.

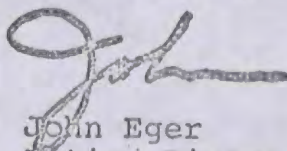
The available evidence indicates that the impact to date on residential local exchange ratepayers has been negligible. As to the future, we find no reliable evidentiary foundation for the assessments of severe negative impact thus far postulated.

Even taking such assessments at face value, a majority of their asserted "cost" impact on residential subscribers is concededly due to separations effects and merely reflects the shifting of costs and revenues from one jurisdiction to another under current procedures, which can be modified if necessary to avert the shift. The remainder of the claims regarding the asserted "cost" of competition arises out of allegations that private-line and terminal equipment markets subsidize residential exchange rates. This argument, which depends upon highly contested allocations of costs as among the various carrier-provided services, also raises serious questions about the equity and legitimacy of the purported subsidies in the absence of any explicit legislative determination that they be provided. As a part of the Administration's interest in pursuing regulatory reform, these questions of hidden subsidy merit particular scrutiny.

Whatever residual cost increases may accrue to local exchange service can be more than offset by adoption of appropriately tailored usage-sensitive pricing policies and by other ameliorative changes at the state regulatory level, which it should be in the common interest to pursue.

Our formal comments on these matters are enclosed for incorporation in the record of Docket 20003. We recognize that neither assessments of impact nor formulations of regulatory adjustments involve static or self-evident processes. Accordingly, not only do we appreciate this opportunity to assist the Commission in these deliberations, but in addition we propose to continue our program of studies on issues relevant to this proceeding and to make them available to the Commission for consideration as they are completed.

Sincerely,



John Eger
Acting Director

Enclosures

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OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

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Release Date: April 29, 1975
Contacts: Ralph Griffith
John A. Loftus
395-4990

NEWS RELEASE

RESEARCH ADVANCES ON THE BIOLOGICAL EFFECTS OF RADIO WAVES

The Office of Telecommunications Policy today released its third annual report concerning an ongoing Federal Government program to assess the biological effects of radio waves on man and his environment. The report, transmitted today to the Congress, summarizes approximately 106 research projects independently financed by several Government agencies.

John Eger, Acting Director of OTP, called the multi-agency program "a pioneering effort" designed to produce a sound scientific understanding of how non-ionizing electromagnetic radiations (radio waves) affect living organisms. "The primary purpose of this program is to ensure the compatibility of our use of the electromagnetic spectrum and the many vital services it provides with the well-being of man and his environment," Eger said.

Further commenting on the report, Eger noted that despite an increased Federal awareness in this area of research, "there are still many unanswered questions. Since the radio frequency

spectrum is a vital natural resource shared by government and industry, the necessity for involving expertise from the private sector to form a broader-based, collaborative research effort has become increasingly apparent." Accordingly, Eger has requested that the Electromagnetic Radiation Management Advisory Council (ERMAC)^{1/} coordinate such a cooperative undertaking.

It is known that electromagnetic radiation (EMR) at very high power levels can produce heating and associated adverse biological effects. As a result, the United States and most other Western countries have developed similar exposure safety standards. However, comparatively little is known as to whether there are biologically significant effects from exposures at relatively low power density levels over extended periods of time.

In 1972 and 1973, efforts focused mainly on establishing a coordinated, soundly-based research activity of reasonable volume and initiating work which could serve as a foundation for future efforts.

Funds for the research projects are administered and controlled by the individual Government agencies. OTP is responsible for coordination, eliminating duplication, identifying voids in the overall effort and for liaison with other concerned organizations. An inter-agency working group has been formed and meets regularly under the chairmanship of OTP.

During 1974, many of the projects were modified or consolidated and the current program consists of about 106 projects, of which 26 are new. The estimated cost of these projects during Fiscal Year 1975 is \$7.5 million, as compared with approximately \$7 million and \$6 million, for Fiscal Years 1974 and 1973 respectively. The majority of research activity is concentrated in the Department of Defense, HEW and the Environmental Protection Agency, which together account for about 90% of the program.

During 1974, OTP initiated a series of workshop/seminars to review the current state of knowledge, progress and research in key program areas. These seminars were open to the public. The first of these sessions concentrated on nervous system and behavioral effects. The second session, held in early 1975, reviewed data on methods of measuring EMR levels in various environments. The latest report contains a summary of the nervous system and behavioral seminar.

While a clear and consistent picture is not yet available, some of the current studies reflect certain common themes. For example, differences have been observed in the effects of pulsed or modulated and continuous wave radiations (with modulated radiations appearing to be more biologically effective). Also, comparable investigations of the same or similar phenomena in more than one laboratory are beginning to be carried out. Some investigations have reported effects at relatively low exposure levels, although the number of such studies and data are still rather limited. In addition, the report notes that gradual progress is being made in the extremely difficult area of EMR energy distribution and measurement. Meaningful interpretation of any biological response resulting from an exposure requires detailed knowledge of the distribution and quantity of the energy in the organ or tissue being studied. Such information is lacking in many current studies, making it difficult to relate energy levels to response, and even more difficult to extrapolate from the response in an experimental animal to the expected response in a human exposed to the same radiation fields.

The latest biological effects study comes at a time when demands for radio frequency spectrum services are increasing more rapidly than technology can find available space. The electromagnetic, or radio frequency, spectrum is a vital -- although one of the least understood -- natural resource which all nations share. The spectrum is the range of frequencies which may be used for the electrical transmission of information from one place to another without the use of connecting wires. Different parts of the spectrum, for example, are used for television and radio broadcasting, air and sea navigation and communications, radio astronomy, radar, space research, etc.

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1/ The ERMAC was formed in 1968 to assist the Director of OTP and his predecessor by advising on potential side effects and the adequacy of controlling electromagnetic radiations arising from communications activities. The Council is comprised of experts in the fields of electronics, engineering, physics and medical sciences.

OFFICE OF TELECOMMUNICATIONS POLICY

EXECUTIVE OFFICE OF THE PRESIDENT

WASHINGTON, D.C. 20504

May 12, 1975

DEPUTY DIRECTOR

Honorable Harold R. Tyler, Jr.
Deputy Attorney General
Department Of Justice
Washington, D.C. 20530

Dear Mr. Tyler:

I appreciate the opportunity to review and comment on the FBI's most recent request for authority from the Attorney General to engage in message switching as part of the National Crime Information Center (NCIC) program. As we have said before, we fear that granting this authority could result in the absorption of state and local criminal data systems into a potentially abusive, centralized, Federally controlled communications and computer information system. There are some very fundamental issues which must be addressed before any plan for a nationwide computerized criminal history (CCH) system can be prepared, and these issues have not been addressed or resolved.

One basic concern is the threat posed by a system which could be used by a Federal law enforcement agency to monitor in detail the day-to-day operations of state and local law enforcement authorities. Such monitoring would enable Federal authorities to exert pressures on how state and local agencies do their job, thus upsetting the delicate balance between Federal and non-Federal functions.

A monitoring capability would also permit Federal agencies to gather data about individuals to which the Federal Government is not entitled, in contravention of the spirit, if not the letter, of Federal privacy legislation. For example, monitoring by the use of "flags" as described in the plan would permit an enormous amount of surreptitious intelligence gathering by any agency controlling a message switching capability. No system capable of central monitoring of state and local operations by procedures such as flagging should be authorized until adequate and enforceable safeguards are established.

Other aspects of the plan similarly confirm our earlier objection to proceeding with such a plan in the absence of proper policy guidance. For example:

- o The capability will exist for arrest data to be included in the index of single state offenders, which goes far beyond the concept of an index.
- o The NCIC could continue to store single state records indefinitely on the ground that the states are not ready to assume this responsibility, thus resulting in a comprehensive Federal file not relevant to legitimate Federal concerns.
- o There are no safeguards for assuring the accuracy of the multi-state offender records, which would be stored in Washington but be based solely on information provided by the states; similarly, the responsibility for performing this function is not delineated.

Proceeding to implement a message switching capability in the face of these risks would be difficult to justify even if clear benefits were obtainable and there were no other course of action. As to the first, there is serious question regarding the benefits to be derived, as witnessed by the fact, that, since 1971, only six states have ever contributed CCH records for automation, and two of these states have discontinued participation in the program. In January 1973, the General Accounting Office issued a report questioning the value of the automated CCH program. This fundamental issue has never been addressed.

But even if the program were deemed beneficial, there are alternatives to the approach proposed in the plan which have not been adequately considered, including the original Project SEARCH concept of having only a centralized identification index under the management control of the states.

The implementation timetable proposed for your consideration in the FBI plan does not provide for the assessment of the basic concerns that have been expressed by many who have considered this proposal. Because of the wide sweep of these issues, I believe that they should be addressed on a broad basis within the Executive Branch. One possibility would be to organize a group composed of representatives of the Attorney General's Office, the Office of Management and Budget, the Domestic Council and OTP to undertake a comprehensive inquiry into these issues, including:

- o assessment of the overall cost of this program, including costs to state and local governments;

The study will focus on domestic voice and data communications services used by Federal agencies, including services, facilities and equipment available from common and specialized carriers, value-added service suppliers and interconnect equipment manufacturers, including services which might be available under conditions of expanded resale and brokerage opportunities.

"We want to know how to use effectively competition to lower the government's telecommunications costs", Eger said. "We also want to show what influence government purchasing options may have on the telecommunications industry."

The study will look at competition in the acquisition of overall telecommunications services, as well as the benefits and costs of fragmenting services to procure separately component services, facilities or equipments. The impact of bulk pricing arrangements will be considered. It is expected that the results of the study will influence the administration of existing OTP policies, such as the policy favoring the use of commercial services. The study may also result in new policy proposals by OTP.

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OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504



Release Date: June 26, 1975
Contacts: Ralph Griffith - 11 TO
Walda Roseman - BPSD
395-4990

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NEWS RELEASE

OTP COMMISSIONS STUDY OF ADD-ON TELEVISION SERVICES

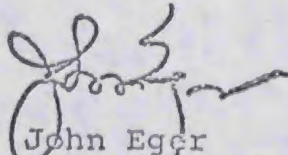
The Office of Telecommunications Policy has initiated a study to assess the economic and technical possibilities for adding on and improving services on existing television channels, OTP Acting Director John Eger announced today.

The potential for improved audio and visual services has long been the subject of studies by various research and professional groups, Eger said. Prospects, as demonstrated by these studies, appear great for such new television services as high-quality, stereophonic or quadrophonic sound, captioning for the hearing impaired and multi-lingual sound channels for non-English speaking audiences, in addition to limited data transmission and a variety of newspaper-like services such as weather, stock and news bulletins.

- o analysis of whether computerized criminal histories are worth that cost;
- o evaluation of alternatives to the system concept proposed by the FBI;
- o identification and implementation of necessary privacy safeguards; and
- o evaluation of the proper Federal role in computerized criminal justice telecommunication systems.

In summary, it is our recommendation that approval of any action to implement a message switching capability should be withheld until such issues have been objectively evaluated and fully resolved. I hope these views are helpful and that you will not hesitate to contact us if we can be of any further assistance.

Sincerely,



John Eger
Acting Director

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

FOR IMMEDIATE RELEASE
Contacts: Ralph Griffith
John A. Loftus
(202) 395-3977

NEWS RELEASE

OTP Sponsors Study of Competition in
Federal Telecommunications Purchases

The impact of competitive telecommunications procurement by the Federal Government is the subject of a study initiated by the White House Office of Telecommunications Policy, it was announced today by John Eger, OTP acting director.

"The Federal Government has an investment in telecommunications of approximately \$50 billion," Eger said, "and expenditures of approximately \$10 billion annually. This tremendous investment is a drain on the capital market and erodes support of competitive and innovative services offered by the private sector."

The eight-month study will be conducted by Arthur D. Little, Inc. of Cambridge, Massachusetts, under an OTP contract.

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The OTP study, under contract to the Denver Research Institute, will review this earlier research. Additionally, it will conduct a comprehensive appraisal of the costs and benefits of technical options for exploiting unused signalling capacity within the standard six megahertz TV channel and will assess the costs for special home equipment for specific add-on services.

The study, "Technical, Market and Consumer Impact of Improved Add-on Signalling," is scheduled for completion during the 1975 calendar year. Results will be made public.

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OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

Release Date: July 14, 1975
Contacts: Ralph Griffith
John A. Loftus
(202) 395-4990

PRESS RELEASE

NEW TECHNOLOGIES EXPLORED AFFECTING RADIO FREQUENCY SPECTRUM

A contract to evaluate the impact of telecommunications technology upon management of the radio frequency spectrum has been let by the Office of Telecommunications Policy, according to John Eger, OTP Acting Director.

The Aerospace Corporation has been commissioned to establish a methodology designed to take into account foreseen advances in communications techniques and engineering in planning radio frequency support for an expanding variety of uses. Technology considerations will include advances in the ability to use higher portions of the spectrum; the application of new modulation concepts or methods of varying a radio signal's characteristics to permit it to carry more information; and the development of new communications techniques, components and devices, Eger said.

The radio frequency spectrum, often called the "air waves", is the medium through which all radio signals are transmitted. "Radio signals" refers to any communication of data or information by wireless means and includes voice transmission, television, radar, electronic navigation signals, and space telemetry. "The spectrum is a valuable and limited natural resource," Eger explained, "and, like air and water, is susceptible to oversubscription and pollution if not managed properly. The portion of the spectrum which can be used with present technology for telecommunications purposes is very limited and must be shared by all users, worldwide," he added. While scientific advances have increased the range of frequencies, such growth has been far exceeded by increases in demand for spectrum access by Government, commercial and private interests, Eger said.

Technological advances in telecommunications have a major influence on the use of the radio spectrum, and it is to assess this factor that the contract with Aerospace has been awarded. As an example, Eger cited the tremendous growth in telecommunications applications in the field of space research and satellites in recent years. He noted that had OTP and other spectrum experts been better able to predict the impact of such advances and applications, many current problems associated with accommodating the spectrum requirements of space systems could have been circumvented.

It is anticipated that an improved capability in technological assessment, coupled with reliable forecasting of growth demands in the spectrum area will lead to significantly improved long-range spectrum planning and management capabilities, Eger stated. The study, to cost about \$194,000, will be completed in about a year.

Release Date: August 28, 1975
Contacts: Ralph Griffith
202-395-3977

PRESS RELEASE

Discuss Telecommunications Exports

An intergovernmental committee which will deal with long-range and broad telecommunications export policies has been organized by the Office of Telecommunications Policy and will meet Thursday to begin deliberations, according to OTP acting director John Eger.

"Several Federal departments and agencies are involved in programs which deal with the export of telecommunications technology, goods and services," Eger said. "OTP's goal is to form a mechanism through which a coordinated effort can obtain maximum results."

William L. Fishman, OTP Assistant Director for International Communications, will coordinate the organization of the Committee, Eger said.

Invited to the 10 a.m., meeting at OTP offices were representatives from the Department of Commerce, Department of State, Office of Budget and Management, Council on International Economic Policy and the Special Representative for Trade Negotiations from the Executive Office of the President.

When the export of computers is excluded, the United States is experiencing a deficit balance of trade in telecommunications technology, goods and services, Eger said. "The committee will concentrate its attention on policy issues which will facilitate a more successful program of exports." the acting director said.

"When computers are included there was a 13 percent favorable balance of trade for the industry last year," Eger said. "While this is a decrease from the 57 percent favorable difference in 1969, it does indicate a positive trend from 1973 when there was an unfavorable balance of trade of \$215 million.

"However, during this same period, 1969 through 1974, the United States' total exports in this field have nearly doubled, from \$2,894,407,000 to \$5,227,242,000," Eger said. "We want to do better and we believe that the intragovernmental committee is the way to do it."

Eger said OTP has been devoting increased attention to the problem and that initial analysis suggests that certain non-tariff barriers to trade may exist. "Such barriers distort allocation of world resources and inhibit the U.S. in the sale of communications export, notwithstanding our supremacy in the area of electronics and telecommunications," he said.

"We believe the existence of these barriers is related to the lack of coordinated and effective government/industry approach,

both short-term and long-term," Eger said. "Bill Fishman will coordinate efforts to break the barriers and bring improvements in this area of concern."

Fishman said OTP would not attempt to substitute its judgment "for that of the component agencies. We will seek their cooperation so that this office can more effectively discharge its obligations."

"We hope through a joint, focused effort the United States Government will be able to identify and execute the remedial steps which are necessary to bring this country to its rightful place in the international communications marketplace," Fishman said.

Steps to meet the goal may involve legislation, formulation of policy and other actions, Fishman said. "What is essential now is that a more focused effort of the U.S. Government be undertaken," he said.

For Release At 2:00 p.m.
Wednesday, September 10, 1975
Contact: Ralph Griffith
(202) 395-3977

PRESS RELEASE

RADIO NAVIGATION SAVINGS

The cost of the U.S. Government's radio navigation systems could be reduced 40 percent through proper coordination and planning, according to a study released today by John Eger, acting director, Office of Telecommunications Policy.

While the study was not intended to be an analysis of the economics involved, Eger noted that a minimum of \$3.5 billion in government investment alone could be saved through the reduction of systems and the standardization of equipment. Of equal importance to the monetary savings would be the reduction in requirements for spectrum space for radio navigation, Eger said.

The study documented extensive duplication among the major Federal users of radio navigation. It identified more than 80 systems now being utilized by the Federal Government and suggested that by advance planning, management and coordination, the total could be reduced to about 13 without a degradation in service.

"The study, performed by Computer Sciences Corporation of Falls Church, Virginia, under OTP supervision and coordination, reaffirms our conviction of the need for close coordination as agencies of government commence planning their communications systems," Eger said.

Two key issues were brought out in the study, Eger said. One is whether the primary system in a future set of systems should be space-based or terrestrial. The other is whether separate military and civil systems must be maintained

"The question of a space oriented set of systems," Eger said, "is particularly noteworthy because it does definitely appear that use of satellite technology would offer significant economies, and provide worldwide coverage as well.

"The cost of the systems over the next 20 years will be sensitive to a number of management decisions involving the number of available systems, requirements for a completely redundant backup, independence of navigation and surveillance and duplication of military and civilian systems," Eger said.

A substantial reduction in the number of separate systems is possible, however, even with adequate provision for redundancy or backup, he said.

The study identified a clear need to improve navigation system and equipment standardization in the area of performance description in order to promote wider understanding of their capabilities and limitations.

Also, careful consideration should be given in design studies of future navigation systems to the use of a common wave form so that the user equipment can be used with more than one system.

OTP is making the study available to interested Federal agencies, Congressional Committees and the Office of Management and Budget. This Office has requested an interagency navigation steering group to develop an integrated navigation plan based on the models developed in the study.

Participating with OTP in the study were: Department of Defense, Department of Transportation, Coast Guard, National Aeronautics and Space Administration, Federal Aviation Administration and the Maritime Administration. These agencies assisted OTP in preparing the study work statements, evaluating the proposal and in selecting the contractor. The study cost \$84,000.

OTP REPORTS ON PROTECTING INDIVIDUAL PRIVACY

A major study evaluating legal protections for individual privacy and recommending additional safeguards was released today by the Office of Telecommunications Policy. The study, "Legal Protections of Privacy," was undertaken at OTP's request by Professor Kent Greenawalt of the Columbia University School of Law. The report was transmitted by Acting OTP Director John Eger to Vice President Rockefeller.

In the letter transmitting the report to the Vice President, who serves as Chairman of the Domestic Council Committee on the Right of Privacy, Eger said that the study and its recommendations "provide a valuable contribution to the developing national debate on individual privacy, and although we do not endorse all of Professor Greenawalt's recommendations, we feel that they merit serious consideration."

In the forward to the report, Eger observed that American society has evolved large private institutions and a governmental structure that tend to ignore the individual's need for privacy. Given that context, Eger emphasized, we must be aware that "strong protection for privacy is not a luxury to be deferred until more pressing needs are met; it is an essential element of a free society."

Eger continued by observing that structural changes in American society coupled with new technologies -- computers and their telecommunications links -- have provided the foundation for a "post-industrial" society.

"Whatever one chooses to call it -- 'information explosion,' 'communications revolution,' or 'knowledge society' -- the culture now developing will be one that makes it more difficult...for the individual to protect his privacy.

"We face a future where information will play a central role, where control of information about a person could be tantamount to controlling that person.

"At the threshold of this post-industrial society, we must ask some fundamental questions," Eger continued. "What kind of a society is produced when information gathering and dissemination on such a massive scale become central functions? What will be the role of the individual in such an environment? Are existing protections for individual privacy adequate to withstand the new pressures of this 'information' society?"

OTP is examining these issues in the context of its responsibility to consider the privacy implications of government telecommunications activities and to assess the impact of the convergence of computer and communications technologies. As part of this effort, the Office commissioned Greenawalt to review the full range of existing legal protections for individual privacy. The study is significant, Eger said, in that it is the first time an attempt to review the entire spectrum for legal privacy safeguards comprehensively and critically has been undertaken. The study, therefore, should be of considerable value to a broad range of government entities that are currently addressing various aspects of the privacy question, including the recently established Privacy Study Commission, the Electronic Funds Transfer Commission, the Wiretap Commission, the Domestic Council Committee and numerous congressional

Throughout the study, Greenawalt proposes actions which might be taken to better protect individual privacy. While some of these recommendations suggest new areas into which OTP or others ought to look, many of the proposals coincide with past and current OTP activity. OTP's opposition to the FBI's message switching proposal for computerized criminal information and the Office's central role in halting the elaborate BLOKET computer/communications system are examples of such activity.

In addition, OTP has already embarked on various projects in areas in which the Greenawalt study recommends action. OTP has been concerned that present wiretapping and electronic surveillance statutes do not prohibit the interception of non-oral communications; telegraph messages, the visual portion of television signals and the like are at present insufficiently protected, as are most communications with and between computers. For these reasons, OTP is developing draft legislation which would incorporate needed protections into existing statutes. The Office also is drafting legislation that would implement another Greenawalt recommendation by ensuring the privacy of program selection and other information relating to cable television subscribers.

In "Local Protections of Privacy," Greenawalt makes numerous recommendations for structuring new protections for privacy. In addition to the activities outlined above, OTP in coordination with the Department of Justice and others, will consider other amendments to present wiretapping and electronic surveillance laws. Further, the Office is carefully examining the range of possibilities for proposing regulation of governmental and non-governmental "participant monitoring." Participant monitoring occurs when one of the parties to a conversation either records it or permits a third party to overhear the conversation surreptitiously.

* * * * *

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

DEPUTY DIRECTOR

September 17, 1975

Honorable Warren G. Magnuson
Chairman
Committee on Commerce
Washington, D.C. 20510

Dear Mr. Chairman:

This is in response to your request for the views of the Office of Telecommunications Policy on S. 2054, proposed legislation to amend Sections 203 and 204 of the Communications Act of 1934. This bill would:

- (1) extend from thirty days to ninety days the period of notice required before a tariff may be changed;
- (2) extend from three months to nine months the period during which the Federal Communications Commission may suspend new or revised tariff schedules;
- (3) authorize the Commission to conduct preliminary written proceedings to determine whether a tariff filing should become effective in whole or in part pending a hearing and decision on the lawfulness thereof, or whether temporary authorization of a tariff filing should be permitted.

To summarize our position, we believe that statutory amendments to extend the notice period to ninety days and to enable the Commission to grant partial or temporary authorization of tariff changes are appropriate and desirable. However, we are skeptical, for the reasons discussed herein, about extending the statutory tariff suspension period from three months to nine months.

Extension of Notice Period

Section 203(b) of the Communications Act presently prohibits carriers from making tariff changes except after thirty days notice to the Commission and the public. The same section provides that the Commission "may, in its discretion and for good cause shown, modify [the notice requirement] in particular instances or by a general order applicable to special circumstances or conditions."

In the past, the Commission has found that the thirty day notice period was insufficient in cases involving tariff increases. Such filings generally draw considerable opposition, and the Commission was unable within the thirty day period to review the tariff filing, together with the contentions of parties opposing it, and to reach a decision on whether or not to suspend it and order a hearing. The Commission therefore has modified its rules to require that all tariffs involving increased rates be filed on sixty days notice. 47 C.F.R. §61.58 (1973). This modification was challenged shortly after its adoption on the sole ground that it was beyond the Commission's statutory authority as set forth in the above-quoted language. The court disagreed, however, noting that the authority to "modify" included the power to lengthen as well as shorten the notice period. AT&T v. FCC, 503 F.2d 612 (2d Cir. 1974).

The proposed legislation would extend the notice period to ninety days for all tariff changes. The Commission notes in its Explanation of Proposed Amendments introduced with the bill (121 Cong. Rec. 11965, daily ed. July 8, 1975) that such an extension is "particularly necessary to facilitate effective utilization of the Commission's power to authorize temporary or partial tariff changes," proposed in Section 2(b) of the bill. We agree. As we discuss later, we believe that the proposed authority to grant partial or temporary rate changes pending a full inquiry by the Commission is a necessary and appropriate measure, and that the Commission will need additional time to make the requisite determinations prior to authorizing a temporary or partial change.

We do note that there may be a question concerning the necessity of a statutory amendment to achieve this objective. In view of the judicial construction of the Commission's existing power to modify the notice period, it would appear that the Commission could extend the period to ninety days without new statutory authority, and that it could do so for all tariff changes, decreases as well as increases, assuming it could show "good cause" for lengthening the period. Nevertheless, given the previous

challenge to the Commission's prior exercise of its authority to modify the notice period, it is advisable, on balance, to seek an explicit statutory change and thereby avoid protracted litigation.

Suspension Period

The Communications Act provides generally that tariff changes go into effect automatically at the end of the requisite notice period unless the Commission takes affirmative action to the contrary. Section 204 of the Act authorizes the Commission to designate a tariff filing for hearing and, pending completion of such hearing, to suspend the operation of the tariff for a period not longer than three months beyond the time when it would otherwise take effect. If the hearing process is not completed by the expiration of the suspension period, the tariff automatically takes effect, and, in the case of an increase in rates, the Commission may require a carrier to account for all funds received pursuant to the new tariff. Upon completion of the hearing, the Commission may order refunds with interest if the tariff, or a portion thereof, is found to be unlawful.

The Commission states in its "Explanation," supra, that it has been unable to conclude tariff hearings prior to the expiration of the present three month suspension period, and that a longer suspension time is therefore necessary. A longer suspension period, according to the Commission, will reduce the amount of time during which consumers are without the use of their money and simplify the accounting burden borne by the carriers.

In assessing the merits of the proposed legislation, it is appropriate to address the rationale behind the present suspension provisions of the Act. The statutory limit on the duration of a tariff suspension represents a Congressional recognition of the economic harm to carriers resulting from lost revenues during the time it takes a regulatory agency to decide the lawfulness of a tariff change. This has been recognized by the courts on numerous occasions. The Court of Appeals for the Second Circuit, for example, has pointed out that the statutory scheme "reflects the realization of Congress that when a carrier is prevented from placing in effect new rate increases it may suffer irreparable loss which in turn may impede the provision of adequate service during a period of rising costs." American Telephone and Telegraph Co. v. FCC, 487 F. 2d 864 (2d Cir. 1973). Similarly, the Supreme Court, in discussing the limited suspension authority granted to the Federal Power Commission, stated:

"Business reality demands that natural gas companies should not be precluded by law from increasing the prices of their product whenever that is the economically necessary means of keeping the intake and outgo of their revenues in proper balance; otherwise procurement of the vast sums necessary for the maintenance and expansion of their systems through equity and debt financing would become most difficult, if not impossible." United Gas Pipeline Co. v. Memphis Gas Division, 358 U.S. 103, 113 (1968).

The Congress has also recognized; however, that when a new tariff goes into effect prior to a determination of its lawfulness, rate-payers should be made whole if the tariff is ultimately found unlawful. Thus, in United States v. S.C.R.A.P., 412 U.S. 669 (1973), the Supreme Court noted in connection with the Interstate Commerce Commission's authority to suspend rate increases that:

"... Congress was aware that if the Commission did not act within the suspension period, then the new rates would automatically go into effect and the shippers would have to pay increased rates that might eventually be found unlawful. To mitigate this loss, Congress authorized the Commission to require the carriers to keep detailed accounts and eventually to repay the increased rates if found unlawful." 412 U.S. at 697.

The Act is thus an attempt to balance the interests between rate-payers and carriers with regard to tariff increases. We are sympathetic with this legislative proposal to lengthen the suspension period to nine months so as to reduce the amount of time during which rate-payers would be deprived of the use of their money. But we are mindful that the proposal would also increase the amount of time during which carriers would be precluded from receiving increased revenues under new rates. As a matter of equity in this regard, it is significant that even if the new rates were ultimately found lawful after completion of a hearing, the carrier would be unable to recover the revenues which it would have received but for the suspension, whereas customers have the benefits of the refund provisions if the rates are found unlawful.

The adverse effects of "regulatory lag," i.e., the delay between the time when increased costs occur and the time when they can be reflected in higher tariffs, can be significant, particularly in an inflationary period. If a carrier is prohibited for an extended period of time from instituting tariff increases to cover rising costs, its ability to attract capital, whether debt or equity, could be impaired, with a consequent and adverse impact on the provision of adequate service to its customers. The adverse effects of regulatory lag on the electric utilities, for example, was the genesis of the Administration's recent proposal to reform state regulatory processes by imposing a maximum limit of five months for rate and service proceedings. See White House Fact Sheet, p. 39, January 15, 1975.

The Commission has also stated that a longer suspension period is needed for situations involving tariffs for new services or reduced rates, in which case the accounting and refund provisions of §204 are not applicable. The Commission notes that customers may make major changes in their operations based on the availability of rate schedules ultimately found to be unduly preferential or discriminatory, and that an order directing cancellation of the unlawful rate schedule would cause serious dislocations. The proposed nine month suspension period would, in the Commission's view, minimize this problem.

Tariffs for reduced rates or new services have often been the result of competitive pressures on the established carriers in various communications submarkets. It has been recognized that long delays in the implementation of tariffs for new services and lower rates can also have an adverse impact on carriers. As the Court stated in AT&T v. FCC, *supra*, "the loss sustained when an agency delays a rate reduction can be equally as damaging, for during the delay customers may turn elsewhere and be permanently lost to the carrier." 487 F. 2d, *supra*, at n. 18.

On the other hand, if such a tariff were ultimately found unlawful, customers who might encounter "dislocations" as a result of an order directing cancellation of the rate or service would have no remedy comparable to the refund provisions available in the case of an unlawful increase. Similarly, no remedy would be available to competitors of the carrier who may have suffered a loss of customers who were attracted to the carrier's new services or lower rates. In view of these considerations, lengthening the suspension period for only those tariff changes involving new services or reduced rates may be an acceptable alternative.

In any event, we believe that there should be an increased emphasis on completing tariff proceedings as expeditiously as possible. In this regard, we note that the Commission, in its "Explanation" accompanying the bill, states that "improvements in procedures, together with expanded staff assigned to rate matters should shorten the time between tariff filing and decision in hearing cases." In addition, the Commission refers to discussions it has had with carriers regarding the development of more expeditious methods of obtaining cost information relating to the various services. We applaud these measures and would encourage the Commission to pursue these and similar steps designed to expedite the tariff investigative process.

Partial and Temporary Rate Increases

The proposed legislation would also amend §204 to permit the Commission to authorize temporary or partial tariff changes. This change is generally consistent with the 1972 recommendation of the Administrative Conference that regulatory statutes should be amended, to the extent that existing authority is lacking, to authorize temporary and partial rate increases.

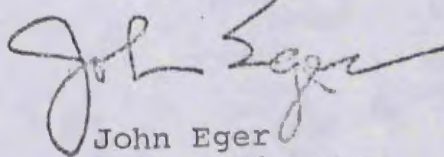
We believe that statutory authority to grant partial increases, as an adjunct to authority to suspend a proposed increase in full or allow it to go into effect without suspension, would mitigate somewhat the adverse effects of "regulatory lag" on carriers. Such authority is particularly appropriate given that, in many cases, an ultimate determination of the unlawfulness of a tariff increase goes to only part of the increase, rather than the entire tariff change.

We do note, that the language of the proposed amendment is somewhat unclear. The report of the Administrative Conference states that temporary increases should be authorized "only when the agency makes a preliminary judgement, on the basis of a written showing by the regulated company and an opportunity for comment thereon by affected persons, that a proposed increase is justifiable at least in part." (See Report of the Administrative Conference of the United States for 1971 - 1972 at p. 86, emphasis added.) The language of the proposed amendment differs from this recommendation in

certain respects. The amendment, for example, eliminates the "preliminary judgement" aspect of the Administrative Conference recommendation, and the proposed standard of "just, fair, and reasonable" is somewhat ambiguous. We suggest that a more precise standard be developed, lest the deliberations regarding a partial or temporary authorization become as protracted as an overall rate inquiry.

The Office of Management and Budget advises that it has no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Eger".

John Eger
Acting Director

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

Release Date: September 29, 1975
Contact: Walda W. Roseman
(202) 395-4990

PRESS RELEASE

OTP's EGER DECLARES EMERGENCY IN SPECTRUM MANAGEMENT;
ANNOUNCES GOVERNMENT-WIDE CAREER DEVELOPMENT PROGRAM

John Eger, Acting Director of the Office of Telecommunications Policy, has taken steps to head off a manpower crisis in radio spectrum management. Otherwise, according to a 1974 General Accounting Office report, an impending personnel shortage could "jeopardize United States interests" at the most critical international radio conference in twenty years and could spell trouble for future users of the radio frequency spectrum.

In close cooperation with the U.S. Civil Service Commission, Eger has declared a state of emergency in spectrum management and has instituted the first government-wide career development program for radio frequency managers. The Interdepartment Radio Advisory Committee, a major Federal spectrum management support committee chaired by OTP, and the CSC drafted a report and designed a program to attract, train and retain the highly specialized personnel required to keep pace with the increased demand and the economic, technical and practical complexities associated with expanded use of the spectrum.

The career development effort was undertaken as a result of an OTP-requested survey conducted by the CSC in October 1974. The study revealed that of a total of 194 individuals involved in national-level agency activities for spectrum management only 35 senior executives (18%) formed the cadre of principal managers

charged by their agencies with the national direction of negotiations, regulatory compliance, technical analysis and decision-making bearing on radio frequency management. Of this cadre, most of whom entered Federal service in the era following World War II, 14 (40% of the executives currently employed) are expected to retire before January 1, 1977, and an additional six senior managers will retire before January 1, 1979. Further, an abnormally high attrition is anticipated from the mid-level spectrum management support community.

Without immediate remedy in the form of a training and recruiting program, this condition, the CSC study concluded, forebodes a crisis in U.S. negotiating strength at the next international general frequency conference (scheduled for 1979) at which the worldwide radio allocations will be established through the year 2000. By conference time, more than 57% of the U.S. agencies' experienced and conference-tested negotiators will have departed, leaving, optimistically, only 15 top-level experts who can represent the U.S. This alarming manpower situation is aggravated by diplomatic forecasts that the negotiation strategies to be employed at the 1979 conference are likely to be of a highly contested nature.

Against this backdrop, in late 1974 OTP established an ad hoc committee within the IRAC (Ad Hoc 150) to foster career development of spectrum management personnel. The result, the Career Development System, establishes for the first time identifiable career paths for spectrum managers in Federal service, a three-tiered comprehensive training program (executive, mid-level and entry level) for employee development, a coordinating mechanism within the Federal Government to oversee the personnel needs of the spectrum community, and a specially designed recruiting program which would reach both inside and outside the Federal Government for prospective personnel.

At the request of OTP, the CSC has agreed to assist with the

career development program and to institute procedures for meeting an emergency manpower situation, Eger announced. The Office of Management and Budget has also assured OTP of its support for the program.

Eger issued an OTP Circular (No. 14) to all agency heads to implement immediately the Career Development System. "The investment in electronic hardware in every nation continues to grow at surprising rates," he said. "National and international concern mounts over the continued availability of spectrum space to support the increasing electronic equipment population. If the community responsible for the use of the spectrum is to respond to that concern, it is necessary that an adequate investment be made in personnel development. The organizations or nations who undertake such a positive investment will reap benefits which, in part, will undoubtedly be at the expense of those having less qualified staffs."

Eger urged full participation in the program of all Federal agencies which use the radio spectrum. In a separate letter to OTP's Department of Commerce support division, the Office of Telecommunications, Eger directed that the OT Spectrum Management Support Division establish an organizational capability for coordination of the Career Development System. OTP will be responsible for the overall direction and implementation of the Career Development System. The IRAC will periodically review the status of the entire program.

The radio frequency spectrum is the range of electromagnetic frequencies shared internationally for the over-the-air transmission of information. Since two radio signals cannot occupy the same frequency in the same place at the same time, competition for spectrum space is often fierce and gives rise to spectrum overcrowding. To avert problems of congestion and to promote the most efficient use of the spectrum, OTP has been legislatively designated manager of those portions of the spectrum used by the Federal

Government. The FCC has authority over all other U.S. spectrum users. Both agencies represent the United States in agreements of the International Telecommunications Union of the United Nations, agreements which supersede national law.

The complexity of managing the radio spectrum and promoting its most efficient use is growing. As the boundaries of the usable frequencies become more visible, technology is creating demands for spectrum space faster than it is finding methods for conserving it. Until only recently, the opposite had been true -- technology had prevented serious spectrum overcrowding and interference.

A report issued by OTP concurrent with Eger's announcement of the Career Development program concluded, "Should the Federal Government's spectrum management functions be subverted through diffusion of responsibilities, weakening of the work force, insufficient funding, or a general failure to recognize the need and provide for its continued and adequate support, our ability to satisfy Presidential and Congressional directed operational requirements will be diminished greatly. In plain terms we will be faced with: systems which won't work; the denial of telecommunications services; the inability to protect and advance U.S. objectives in the international forum; overly restrictive environmental standards; and a de facto default on the applicable provisions of the Communications Act of 1934 and Executive Order 11556."

Eger also released this week an updated, comprehensive document, "The Radio Frequency Spectrum: United States Use and Management," published by OTP.

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OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

03 OCT 1975

DEPUTY DIRECTOR

Honorable Richard E. Wiley
Chairman
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, D.C. 20554

Dear Dick:

I want to congratulate you on the positive, concrete proposal for experimental relaxation of the Fairness Doctrine in larger radio markets contained in your September 16 speech to the International Radio and Television Society. As you know, this Office has been on record since 1971 as favoring such an experiment, and I personally am delighted to see your initiative.

I am writing to suggest that the scope of the proposed experiment be broadened so as to cover relaxation of format and other programming controls, and that a clear and explicit statutory foundation for such an experiment be obtained.

In 1971, we proposed in a staff study and a letter to then Chairman, Dean Burch, that there be a "pilot program" revising FCC practices in major radio markets to suspend enforcement of the Fairness Doctrine and other programming and commercial regulations other than the statutorily mandated equal-time provisions. Our staff study, titled "The Regulation of Commercial Radio Stations", suggested that in markets with sufficiently numerous and diverse outlets of expression the operation of market forces could accomplish the objective of such regulations without intrusive government controls over broadcast journalism. The growth since 1971 in the number of economically viable radio stations in the top ten markets, and in particular the increasing audience share of those markets going to FM stations, seems to give added strength to this judgment.

We recognized four years ago, as you did in your recent speech, that there is room for doubt about the Commission's authority to conduct such an experiment under existing law. We believe that the requisite authority might be found in

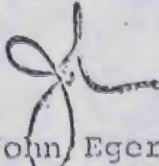
sections 303(g), of the Communications Act, coupled with specific findings about the nature and operation of the major markets in which the experiment would take place. But there are bound to be other views, with sufficient legal argument to provoke extensive and time-consuming litigation; and an adverse court judgment, if it did come, could represent a substantial set-back to the cause of reasoned regulatory reform.

For these reasons, we are in the process of drafting a bill that would unequivocally empower the FCC to conduct deregulatory experiments in the top ten radio markets in the subject areas discussed above. This bill would give the Commission authority to experiment with the deletion of Fairness Doctrine requirements, and program format, programming percentage, and commercial percentage oversight. In order to gain useful information on the effects of such changes during and after a normal license term, the experimental period should be somewhat longer than a single license period, perhaps five years. At the end of that period, the FCC would be required to report to the Congress all pertinent results, together with any proposed permanent legislation or changes in FCC administrative practices.

In remarks before the RKO General Management Conference on August 8, House Communications Subcommittee Chairman Torbert Macdonald supported the concept of a substantial experiment in radio deregulation in major cities. Those remarks encourage the belief that Congress would be receptive to a request for specific enabling legislation.

I am hopeful that this legislative initiative can be implemented as soon as possible, and that the ensuing tests of how well the competitive marketplace can nourish diverse program tastes and points of view will eventually justify a greatly reduced governmental role in this most sensitive area.

Sincerely,



John Eger
Acting Director

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

October 6, 1975

DEPUTY DIRECTOR

Honorable J. Glenn Beall, Jr.
United States Senate
Washington, D.C. 20510

Dear Senator Beall:

This is in reply to your letter of September 26 concerning the impending termination of radio telephone service aboard the Washington-New York Metroliners on October 31, 1975.

I appreciate your concern about the decision to return to the Federal Government radio frequencies now being used for telephone service aboard AMTRAK cars in the Northeast railroad corridor. Let me assure you, however, that the decision was not made in haste or without sound justification. The Office of Telecommunications Policy wholeheartedly supports justifiable and viable radio services to all in the United States in accordance with public interest, convenience and necessity. It was for this reason that in 1966, when a demonstration program to provide radio telephone service aboard Metroliners was proposed, Federal Government frequencies were made available on a "temporary" basis.

It was clearly understood at that time and by all parties that (1) this was to be a temporary allocation of Government frequencies for a feasibility demonstration program, and (2) if the project proved successful, it would have to be reaccommodated on appropriate frequencies provided by the Federal Communications Commission in bands available for such use.

Subsequently, four separate extensions of the temporary frequency authorizations have been granted, in spite of the growing need on behalf of Government agencies for frequencies in the same band to support Congressionally mandated missions. Further, as a result of an international frequency reallocation in 1971, two of the

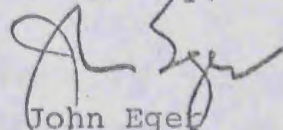
frequencies currently being utilized for this service now fall in an international "safety of life" band which must be vacated at such time as any nation implements a satellite service to support emergency position-indicating radio beacons.

Another of the frequencies concerned is in direct conflict with an otherwise nationwide availability to the Drug Enforcement Administration of the Department of Justice. Agents of that Administration are currently denied the ability to communicate with their nationwide counterparts when operating in the Northeast corridor area. This situation has led to loss of contact and conceivably could lead to severe jeopardy to the personnel involved.

Finally, there is evidence that would indicate that the feasibility demonstration program is not viable from a revenue-producing standpoint--a concern, as you can understand, which has been raised by the American Telephone & Telegraph Company.

Taking into account all of the factors involved, it seemed appropriate to allow the demonstration program to gracefully terminate as scheduled. However, in your letter to me you requested an extension of the use of the Government frequencies for the continuation of this service until Congress has had an opportunity to review information sought from AT&T and to reach a consensus on a reasonable approach to the problem. Because of your interest and the desire to cooperate in your efforts to evaluate this service, I am extending for one month, until November 30, the use of the present Government frequencies for radio telephone service on AMTRAK in the Northeast corridor.

Sincerely,



John Eger
Acting Director

HAWAII WILL USE ITS 'STATUTORY RIGHTS' TO ASSURE RESIDENTS ARE TREATED EQUITABLY IN PROVISION OF COMMUNICATIONS SERVICES, FCC TOLD IN FILING; EGER, FOLLOWING MEETING WITH GOVERNOR, SAYS OTP SHARES STATE'S CONCERN

The state of Hawaii "will use its statutory rights" to assure that the citizens of the state are treated equitably in the provision of telecommunications services, counsel for Hawaii said last week in a filing with the Federal Communications Commission.

Emphasizing the state's right to participate in any proceedings concerning Hawaii, and the FCC's prior policy determination that the state should be afforded such an opportunity, the filing asked the Commission to issue a declaratory ruling in connection with domestic satellite systems that will protect the state's interests as far as rates for service are concerned.

The FCC was also prodded from another direction to act soon on integration of rates regarding Hawaii. John Eger, Acting Director of the Office of Telecommunications Policy, wrote on the subject to Commission Chairman Richard E. Wiley after a visit in Hawaii with Gov. George Ariyoshi to discuss the state's telecommunications needs and interests.

OTP "feels very strongly that steps should be taken to integrate Hawaii now, especially since some of the problems such as geographical isolation of the Hawaiian Islands have been solved with the advent of international and domestic satellites," Mr. Eger wrote.

The "hopes and aspirations" expressed by both the FCC and OTP in 1971 that communications satellites could be used to integrate Hawaii into the mainland communications stream "have not yet come to full fruition," the OTP official added. "I indicated to the Governor that I understood this question to be one of high priority to the state of Hawaii and that we at OTP would do all we could to advance the policy objectives of full Hawaiian integration."

The filing made with the Commission by counsel for the state noted that satisfaction of FCC policies on rate integration as far as Hawaii is concerned in the Commission's domsat policy order "is a condition precedent" to a grant of authorization to operate facilities, and that Commission approval of rate proposals is required before the start of any service through the satellite system.

The declaratory ruling being requested, the state said, should require that the carriers involved must file applications under section 214 and under sections 308 and 319 to operate any part of their domestic satellite systems, whether earth stations, satellites, or special terrestrial facilities, and whether owned by them or leased from other carriers.

Where no construction permit has been granted, the state continued, the FCC should "make it clear that it intends to follow its policy of reserving the Hawaii rate issue for consideration after the grant of the construction permit but before the grant of authority to operate, or whether it will now set this matter for decision before the grant of a construction permit. In the event the Commission adopts the latter procedure, all carriers should be permitted to join issue on this matter at this time." This, the state declared, can be accomplished by requiring carriers to file amended applications.

The state also asked that such applications be accompanied by proposed tariffs reflecting the rates and regulations governing service to Hawaii, a statement of how the rates and regulations comply with the FCC's policies, and economic data supporting such rates, regulations, and statutes.

With respect to the Western Union Telegraph Co., the state suggested that the proposed procedures should not apply to its satellite facilities which are already operational. Regarding the RCA satellite system, it said "special consideration is necessary because the state of Alaska has had a problem similar to that experienced by Hawaii--it has also been subject to historic discrimination."

The filing stated that the state of Hawaii "is mindful of the gravity of the steps it may have to take. . . However, the telephone and record communications carriers have not cooperated in expediting matters, and the state has a responsibility, both to its citizens and to all users who need telecommunications services involving Hawaii.

"The state will cooperate in expediting matters, and will attempt to minimize any procedural burdens--to the extent possible. However, it believes it is entitled to, and should vigorously assert the telecommunications needs for the users of telecommunications services for Hawaii, and to seek redress for historic discriminations. To this end, it will use its statutory rights." -End-

GTE SUGGESTS CONDITION IN ANY GRANT COVERING GOVERNMENT EARTH STATIONS

Any action permitting the use of the frequency band 2025-2035 megahertz by government earth stations at Wallops Island, Va., Seattle, Wash., and Honolulu, Hawaii, should be conditioned to require that if interference with the facilities of others occurs, operations would be discontinued or other necessary steps taken, GTE Service Corp. said in comments to the Federal Communications Commission last week.

As presently proposed, GTE said, use of these frequencies should not cause operating problems for GTE operating telephonic companies which operate near two of the affected stations. However, it added, use of high power levels could cause a problem. -End-

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Congress of the United States
House of Representatives
Subcommittee on Communications
Committee on Interstate and Foreign Commerce
Washington, D.C. 20515

Oct 29, 1975

September 22, 1975

John Eger
Acting Director
Office of Telecommunications Policy
1800 G Street, NW
Washington, DC

Dear Mr. Eger:

On behalf of the Subcommittee on Communications, I request your appearance at our hearings on Domestic Common Carrier Regulation, to be held October 29, 30, and 31, 1975; and November 5 and 6, 1975.

For your information I am enclosing a description of the issues to be examined during the hearings. Naturally, you will want to give more emphasis to some topics than others, but we do hope that you will limit your presentation to the items described in the enclosure.

Committee rules require that you make available 75 copies of your written statement for the use of the Subcommittee at the time of your appearance, 7 of which must be filed 48 hours in advance with Mr. Andrew Margeson, Professional Staff Member. Should you have any questions concerning the hearings, please contact Mr. Margeson at (202) 225-9304.

As Chairman of the House Subcommittee on Communications, I am looking forward to your appearance.

Cordially,

Torbert H. Macdonald

Torbert H. Macdonald
Member of Congress
Chairman, Subcommittee
on Communications

THM/amk

Enclosure

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

Nov 1975

FOR IMMEDIATE RELEASE

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PRESS RELEASE

Deregulation Legislation

The White House Office of Telecommunications Policy is drafting a bill which would give the Federal Communications Commission authority to conduct deregulation experiments in the top 10 radio markets, it was announced today by John M. Eger, acting OTP director.

The legislation would give FCC authority to remove from Federal regulations radio stations in the top 10 markets as they relate to the fairness doctrine requirements, program format, programming percentages and commercial percentage oversight, Eger said.

In order to obtain substantial information on the effects of such deregulation, the experimental period should be perhaps five years, Eger said.

OTP has been on record since 1971 as favoring such an experiment, Eger pointed out. He also said:

"OTP proposed four years ago that in markets with numerous and diverse outlets deregulation should be tried as a pilot program. OTP recognized four years ago that there is room for doubt about the Commission's authority to conduct such an experiment under existing law. It is my opinion, that under present circumstances there are sufficient legal arguments to provoke extensive and time-consuming litigation and perhaps an adverse court judgment."

Eger said the legislation would require the FCC, at the end of the experimental period to report all pertinent results to Congress.

"I am hopeful that this legislative initiative can be implemented as soon as possible," Eger said, "and that the ensuing tests of how well the competitive marketplace can nourish diverse program tastes and points of view will eventually justify a greatly reduced governmental role in this most sensitive area."

* * * * *

Dec 1, 1975

HOUSE SUBCOMMITTEE STAFF CALLS ON WHITE HOUSE TO STABILIZE OTP, OT;
RECOMMENDS FCC DO MORE PLANNING, HIRE MORE ECONOMIC, BUSINESS EXPERTS

Following up on telecommunications research and policy development hearings last July, the staff of the House Interstate & Foreign Commerce communications subcommittee has recommended, among other things, that the White House name permanent directors for the Office of Telecommunications Policy and Commerce Department Office of Telecommunications. These have been headed by acting directors for 18 months and 3½ years respectively, the staff report noted, in blaming instability and jurisdictional disputes on "temporary leadership."

The Federal Communications Commission should give top priority to independent planning and policy, the legislative staff said. It should hire more economic and business professionals to develop policy "instead of relying solely on adversary filings and position papers researched by interested parties," the report recommended. The Civil Service Commission, which "does not yet recognize the necessity of recruiting people with a telecommunications background," should be enlisted to help in staffing, it said.

Two recommendations followed similar ones at a telecommunications technology research advisory meeting convened Dec. 1 by OTP, at the suggestion of the House communications subcommittee Chairman. One was for OTP to employ a chief technologist-scientist, and another was to establish an OTP advisory group of industry and researcher representatives. At the advisory council meeting were representatives of Bell Telephone Laboratories, Communications Satellite Corp., General Electric Co., GTE Laboratories, IBM Corp., and MIT Laboratories.

The subcommittee staff also recommended improved Congressional oversight and assistance both to government and the private sector.

In a preface to its recommendations, the staff wrote that "electronic and telecommunications technologies appear to be on a competitive collision course. There is a distinct promise--some would say threat--of the giant in computer technology, IBM, competing with the giant in telephone technology," the American Telephone & Telegraph Co., "and the giant in postal communications, the U.S. Post Office. All have a stake in the future of telecommunications along with Comsat and the communications satellite manufacturers, the broadcasters and the cable operators, among others."

Among other observations in the 17-page report, it was noted that an international trade deficit in telephone and telegraph equipment was eliminated in 1974. "The volume of international trade in this category continues to be relatively small, although it is growing steadily," the staff wrote, adding, "The largest U.S. manufacturer in this field--AT&T/Western Electric--is a legal monopoly and has shown recent interest

PROPORTIONATE CABLE/SATELLITE FILL FORMULAS SHOULD BE ELIMINATED IN ADMINISTERING INTERNATIONAL TRANSMISSION FACILITIES, OTP URGES IN PROPOSAL THAT FCC COULD ALSO ACT TO EQUALIZE ECONOMIC INCENTIVE

Elimination of the use of cable/satellite proportionate fill formulas in administering new international transmission facilities was urged last week by the Office of Telecommunications Policy. In letters to Federal Communications Commission Chairman Richard E. Wiley and Sen. Howard H. Baker (R., Tenn.), ranking minority member of the Senate Commerce communications subcommittee, OTP Acting Director John Eger said such action would have a number of advantages.

He told Chairman Wiley "this would enhance natural competitive pressures between cable and satellite proponents, contribute to an improvement in our foreign telecommunications relationships, eliminate what we consider to be undue governmental intrusion into the day-to-day operational judgments of the private carriers, and lead to service, rate, or technological benefits for the public."

HIGHLIGHTS: Recommends, to remove economic imbalance, that FCC consider permitting capitalizing long-term satellite leases, review composite rate principle and authorized user decision. . .Sees need for fill formula policy less with maturity of satellite services. . .Proposes Commission suspend detailed consideration of use of facilities on route, circuit, or media basis.

In an accompanying 33-page report, OTP said "It is also recognized that, concurrent with elimination of the formula, positive actions must be taken by the FCC to modify the regulatory environment so as to reduce or eliminate the economic imbalance which currently exists in the treatment of expenditures for cable and satellite circuits by the carriers. To this end, we recommend that the Commission consider, along with other appropriate changes, permitting capitalization of long-term satellite leases, reviewing the applicability of the composite rate principle, and reviewing the authorized user decision."

Mr. Eger, in his letter to Senator Baker, commented that while the various formulas were sound in the early days of satellite service, "now that satellite communications are a fully mature segment of the international telecommunications industry, there is no longer any reason to impose detailed government control over the selection of transmission media. To be sure, (the Communications Satellite Corp.) does labor under some substantial disadvantages in competing for business, but there are regulatory steps, available to the FCC, which could alleviate this imbalance."

In its summary, on this score, OTP noted that the charges made by Comsat to the carriers "are treated as expenses by those carriers and are flowed through to the users of the service without any opportunity, at least in theory, for the carriers to earn any return on their rental fees. On the other hand, the present regulatory system allows the carriers to capitalize investments on cable circuits, thereby presenting an opportunity to earn a return on investments in this transmission medium."

Thus, it suggested, the FCC "should initiate positive actions to correct the disparity between economic incentives for the use of the two media in an effort to improve the competitive environment."

Further, OTP recommended, "Simultaneously with the elimination of the fill formula, the Commission should also suspend consideration of detailed future use of facilities on a route-by-route, circuit-by-circuit, or medium-by-medium basis, and eliminate required staff approval of such operational plans. Such practices have been used as an enforcement mechanism for the market-sharing formulas. The FCC would, of course, continue to be informed on a month-by-month basis, as it is today, of the actual status of circuits used in the system."

Mr. Eger told Senator Baker that the existing situation should be modified because: (1) the formulas have created difficulties and uncertainties, hampering facility planning and leading to confusion as to what current policies are or will be; (2) they have "impacted adversely" on European administrations, "who have increasingly expressed concern and dismay over unilateral FCC alteration of their own plans";

(3) The policy has meant undue and unproductive intrusion into carriers' operations, and "It is the view of this administration that regulation should be held to the bare minimum and used as a substitute for free market forces only where absolutely necessary"; and (4) "The natural competitive forces between cable and satellite proponents have been stifled by a scheme which is tantamount to government administration of a cartel in overseas communications."

The OTP report stated that "Overseas facilities license applications of U.S. carriers should be handled by the FCC using only the standard section 214 criteria, and they should be expedited to the greatest extent possible. The basic principle here is that the carriers should be free to use the competing media on the basis of their own judgment, taking into account operational, financial, and other factors, such as their on-going relations with foreign correspondents."

In announcing the recommendation, OTP reported also that it "is currently studying the basic structure of the international communications carrier industry, and expects to make the results of that study available in early 1976."

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

Release Date: 10:00 a.m., January 28, 1976
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PRESS RELEASE

EGER PRESSES FOR EXPANDED TV SERVICE

Today's television set is used to deliver only a fraction of the services to the home which are now technically feasible, OTP Acting Director John Eger said today.

Technically proven services such as stereo sound and captioning can now be transmitted to the home television sets without degrading picture quality--but only with cooperation from industry and Government, Eger said. Releasing a study which cites substantial marketplace interest for many such services, Eger urged leaders of the television broadcasting and equipment industries to join in appraising the opportunity for both commercial and public service applications for unused signal capacity on television channels. Eger also called on the Federal Communications Commission to evaluate the regulatory implications of these new services.

The study, Ancillary Signals for Television: Innovations and Implications, identifies stereo and multi-channel sound, captioning for the hearing impaired and other program-related services as feasible for near-term implementation. Somewhat more complex in their development are commercial, non-program-related information systems. The report foresees these as later offerings for which "more efficient use of the add-on signalling capacity will be a necessity."

"If the potential for added services is to be exploited, industry--receiver manufacturers, broadcasters and transmission suppliers--must work in concert," Eger said. "It is evident that no one industry segment can go forward without the others."

As public awareness of television's expanded technological and service capabilities grows, we should see public interest in and demand for ancillary services escalate also."

The report, prepared by the Denver Research Institute, is the first comprehensive study of the state of the art of ancillary television signals--the technological and service capabilities, the potential market demand, the institutional impediments and the range of anticipated costs associated with each of the added services.

Thirteen to 17 million television sets were purchased in each of the past three years at an average retail price of \$200.00 to \$225.00 each, the report notes. Of that number, an estimated 10 to 25 percent of the buyers might be willing to pay an additional \$50.00 to \$100.00 for televisions with stereo sound.

Some thirteen million people with hearing problems and the up to seven million people in the United States with limited knowledge of the English language would also welcome program-related services, the report says. Optional captioning and multilingual capacity to serve these sizeable audiences can be built into new receivers at a cost to consumers of perhaps \$100 or less for each such service.

Multi-channel sound capacity would also permit stereophonic broadcasting of operas, concerts, and theatrical works. Eger noted that cultural institutions like New York's Lincoln Center and Washington, D.C.'s Kennedy Center have been actively seeking television outlets, but have been deterred by the low quality of present broadcast sound.

Beyond these program-related services are video information or news systems which could be used to generate "pages" of information on a variety of topics (e.g., stock market quotations) for display on the television screen. These "teletext" systems, such as the CEEFAX and ORACLE now undergoing developmental testing in Great Britain, may greatly expand the uses and versatility of standard television channels. The report concludes that these more advanced services can be expected to reach the stage of commercial application in the next five to ten years.

In a letter to FCC Chairman Richard Wiley, Eger points out that "the potential future abundance of non-program-related signals makes it appropriate to begin now the consideration of allocation procedures and priorities for dealing with them." He further commends the Commission for its foresight in granting temporary regulatory accommodations for the experimental development and testing of various ancillary signalling systems. "We believe," he said, "the time is ripe to begin realizing consumer benefits from the long history of research in this area."

A limited number of copies of the report is available from the Denver Research Institute, University of Denver. More copies will become available within a few weeks through the National Technical Information Service of the Department of Commerce.