
CHAPTER 2

WPTV's Digital Conversion Necessary to Maintain Statewide Network

Additional funding necessary to convert entire WPTV network to digital.

The \$3.3 million estimated cost for the digital conversion of Wyoming Public Television (WPTV) will digitize only part of its statewide network. Additional funding will be necessary in order to deliver digital broadcasting to the entire network, and to take full advantage of all digital enhancements. Without a commitment from the Legislature to fully fund digital conversion, the network WPTV has built may become obsolete. Ultimately, WPTV could shrink from a statewide network to a station serving primarily the Central Wyoming College (CWC) service area.

To Continue Operations, WPTV Must Make Digital Conversion

WPTV must broadcast a digital signal by 2003 and fully convert by 2006.

The Federal Communications Commission (FCC) is requiring all television stations, including WPTV, to begin broadcasting in digital by 2003 and to fully convert from an analog signal to a digital signal by 2006. The FCC's final goal is to "provide for the success of free local digital broadcast television." Additionally, as the popularity of cellular phones and other wireless services increases, the FCC is faced with the prospect of running out of broadcast spectrum (or the ability for wireless services to operate without interference). Conversion from an analog signal to a more compressed digital signal will eventually result in a more efficient use of the broadcast spectrum.

Through 2006, stations will broadcast in analog and digital.

However, through 2006, stations will be broadcasting both an analog and a digital signal. At the end of the transition period, the portion of the broadcast spectrum that is being used to transmit the analog signal will be returned to the federal government. This reclaimed broadcast spectrum will, in part, meet the vital communication needs of public safety, police and fire departments as well as the needs of other wireless businesses.

Digital television will improve sound and picture quality and make multicasting possible.

Digital Television is Enhanced Television

Digital television (DTV) will not only improve sound and picture quality, but will also make possible many enhancements that are currently not possible with an analog signal. Stations will be able to simultaneously broadcast several different streams of programming (multicasting). Programming can be enhanced by delivering data to supplement the normal audio and video information conveyed by a program (datacasting). DTV will also allow a program to broadcast with a variety of languages and captions.

Stations must be able to replicate their analog broadcast area in digital.

FCC Set Intermediate Deadlines

In requiring all analog transmission to cease in 2006, the FCC has also set up intermediate deadlines for broadcasters. The first deadline for non-commercial educational broadcasters (public television stations) requires them to begin broadcasting in digital May 1, 2003. By the end of 2005, broadcasters must be able to replicate their current analog broadcast area in digital. Should a broadcaster fail to do so, the FCC will cease to protect the broadcast area not reached with a digital signal from competition.

At the end of 2006, analog transmission will cease if certain conditions are met.

At Present, Conversion Deadline Stands

On December 31, 2006, according to the FCC deadlines set for digital conversion, all analog transmissions will cease. Congress has stated that it will extend analog service beyond 2006 only if certain conditions exist: if fewer than 85 percent of television households in a market have digital receivers or televisions that are able to receive digital television signals, or if one or more of the largest television stations in a market fail to begin broadcasting in digital due to causes outside of the broadcasters' control.

States are not obligated to fund digital conversion.

Digital Conversion Is Not Federal Mandate

A recent *Federal Mandate Review* by the Idaho Office of Performance Evaluations came to the conclusion that the federal requirements related to digital broadcasting do not constitute a mandate. According to the report, the requirements related to digital are not a mandate because they do not impose an "enforceable duty" on the state. Therefore, the report concludes that under the Federal Unfunded Mandates Reform Act, the

federal government is not required to fund the conversion. Additionally, even though Congress, through the FCC, has set deadlines for digital conversion of licensed public television stations, the state is not legally obligated to fund the conversion either.

Current and Planned Funding Will Meet Only First FCC Deadline

WPTV is funding digital conversion with state and private funds.

WPTV is funding the network's digital conversion with a combination of state and private funds. In 2001, the Legislature appropriated \$1 million for WPTV's digital conversion. In the 2002 Budget Session, WPTV is requesting an additional \$1.8 million, for an investment of \$2.8 million from the state (see Appendix F). In addition, WPTV raised \$500,000 in private donations, bringing the total planned funding for digital conversion to \$3.3 million.

Current and planned funding will provide a digital signal only to the Fremont County area.

Fully funding WPTV's exception budget request for the 2003 - 2004 biennium will meet only the first FCC deadline. The \$3.3 million will give WPTV the ability to transmit a digital signal to the Fremont County area and some other select cities, including Jackson via cable. Additionally, it will enable WPTV to produce digital programming, multicast two channels, and convert its master control room.

WPTV will not be able to provide digital service statewide with \$3.3 million.

That amount will not, however, enable WPTV to meet the 2005 deadline, by which time it must replicate the current statewide service area with a digital signal. WPTV reports that this is not a concern because of the lack of competition from other broadcasters in the state. Nevertheless, if the current service area is not replicated with a digital signal by the end of the transition period, 2006, those areas without a digital signal will not be able to receive WPTV.

Plan for Digital Use Not Realistic

WPTV's original plan for the use of new digital capabilities may have created false expectations. In August 2000, WPTV's *Long Range Plan for Digital Services on WPTV* detailed its plans for digital conversion. The report discussed WPTV's proposed uses

Original estimate for digital conversion will not provide WPTV with all digital enhancements.

for four different streams of programming, as well as its plans to begin delivering programming by tying into existing educational distribution systems, such as the Wyoming Equality Network (WEN), the Internet, and satellite. WPTV officials now acknowledge that the original estimate of \$3.3 million will not give the station the ability to multicast four channels simultaneously, nor will it allow WPTV to tie into all of the other distribution systems.

WPTV Requested Minimal Funding for Digital Conversion

WPTV, through the Commission, requested minimal funding from the Legislature for digital conversion of its public television network. This may have been a strategic decision following several denials of exception budget requests related to digital conversion.

State Has Been Slow to Support Digital Efforts

Unlike other states, Wyoming is without a technical plan for digital conversion.

The Legislature's denial of a 1998 request for a digital utilization study slowed WPTV's progress towards conversion. During the 1998 Budget Session, WPTV requested \$150,000 for a digital conversion study, but the request was not recommended or approved. While other states commissioned technical plans for digital conversion several years ago, Wyoming remains without one. The former general manager reports that 1998 events seriously hampered WPTV's ability to move forward with its plan for digitization.

In 2001, WPTV received partial funding to begin digital conversion.

During the 2001 Session, WPTV's request for funding for digitization did not gain support from the Governor. The Governor's stated objection was that the WPTV request was for a stand-alone system rather than one integrated with other state and local systems that will use the digital format. While the JAC approved funding for the digital conversion, the final \$1 million appropriation was \$600,000 less than WPTV's original request.

Neighboring States Support Digital Conversion

Two neighboring states provide examples of state support for digital conversion of a public television network. Idaho

Other states demonstrate a commitment to digital conversion.

developed a plan for digitization in 1997, and in 2000, its legislature put in statute language conveying intent to convert Idaho's public television network to digital. Montana's public television network retained an engineering consultant and a fundraiser to help with digital conversion plans. Montana is planning to meet the 2006 deadline by leveraging state funds to obtain federal grants.

Absent Additional Funding, WPTV Cannot Preserve the Statewide Network

Digital conversion of network beyond Fremont County area requires additional funding.

Without additional funding, WPTV will not be able to transmit a digital signal to its current statewide service area or take advantage of all of the enhancements possible with digital transmission. The network WPTV has created could become obsolete in 2006 because the \$3.3 million estimated cost of conversion will not convert the entire broadcast network to digital. Digital conversion of the state network beyond the Fremont County area will require additional funding. Without it, those citizens who do not receive a digital signal from WPTV by the end of 2006 when the analog signal is shut down, will no longer have WPTV available to them.

Federal Funding Not Sought For Digitization

WPTV has not pursued federal grants to enhance or expand coverage since 1993.

Unlike many other public television stations, WPTV's conversion to digital is occurring without the assistance of federal grants. WPTV has not pursued federal grants to enhance or expand its coverage since 1993 when the state, lacking matching funds, turned back a grant. According to WPTV officials, this incident led to a decision not to apply for additional federal grants, other than a community service grant for operations that does not require a match. Thus, although the state has invested one million dollars into WPTV's conversion, these general funds have not been used to attempt to leverage additional dollars from the federal government for digital conversion.

Recommendation: WPTV needs to provide the Legislature cost estimates for the digital conversion of its entire network.

Currently, the extent of additional funding necessary to convert entire network is not known.

The continuation of WPTV as a statewide network will require additional funding beyond the amounts already requested from the Legislature and raised privately. If the Legislature wants WPTV to continue to provide statewide service, and wants to take advantage of all digital enhancements, it may need to make a funding commitment to the cost of digital conversion that is larger than previously estimated. However, the extent of additional funding needs is not known at this time.

WPTV needs to work quickly to estimate the full cost of converting WPTV's entire statewide network from analog to digital. As well, WPTV should develop a funding plan using a combination of federal funds, state appropriations, and private donations. This estimate should be presented to the Legislature at the earliest possible time so that legislators have a complete understanding of the full costs.