

**Before the Senate Commerce, Science and
Transportation Committee**

*Testimony of Jeff Sagansky
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Thank you Mr. Chairman, Mr. Co-Chairman and distinguished members of the Committee for providing me with the opportunity to appear before your panel today to discuss the Digital Television Transition. My name is Jeff Sagansky and I am President and CEO of Paxson Communications Corporation, the largest television group owner in the United States, 65 stations strong, and the creator of the PAX-TV network, which was launched August, 1998 and now reaches 81% of all American Homes.

Throughout my career I have programmed various broadcast networks that became number one with family programming. At NBC in the 80's I programmed "Cosby" and "Family Ties." At CBS in the 90's I developed "Touched By An Angel" and "Dr. Quinn Medicine Woman." This type of programming is no longer favored by the broadcast networks, so at PAX-TV we set out to create a network that was dedicated to family oriented programming with an emphasis on positive values and strong role models.

When we launched 2 ½ years ago we repeatedly heard from media pundits – no sex, no violence, no ratings. And yet here we are today, turning a profit and proving that the public is looking for --and advertisers will support -- family values television.

We would not exist today were it not for the ability of our owned and affiliate stations to obtain cable and satellite carriage for their signals under the '92 Cable Act and the SHVIA Act of '99.

Our future as an emerging network is now tied to the success of the digital television transition in this country and to the continued full cable and satellite carriage of our stations' programming. That digital future is a potentially great one. Some networks see a future of high definition TV showing sporting events and movies. We at PAX have always maintained that the highest and best use of our digital spectrum

is multiple channels of high quality information, lifestyle news and entertainment centered on the family; enabling families to be more effective within their homes and communities.

And yet, the digital transition that is our future is in very serious trouble. Within 14 months our 65 television stations must be broadcasting digitally. However, at this hour only one third of our stations have even received DTV construction permits from the FCC.

Last year in the United States there were 33 million analog TV sets sold compared to only 26 thousand digital tuners.

We need a digital all Channel Receiver Act that would require that all television sets sold to the American public be capable of receiving both analog and digital signals. Consumers have a right when they buy a TV set to be assured that it will not shortly become obsolete.

There are also copyright issues and cable-television inter-operability issues that must be promptly resolved once and for all by the FCC. After four years, it is obvious the marketplace is not establishing these standards. The FCC needs to deal with these issues now.

Undoubtedly, the most important issue for PAX-TV in terms of a successful DTV transition is cable and satellite carriage of all 6 Mhz of our stations' digital signals.

Like us, many other broadcasters including public television stations believe that the capability to multicast several programming services is the key to their use of the digital spectrum. We don't feel our digital future is in devoting our entire digital capacity to a single stream of programming nor in using digital capacity for ancillary uses such as datacasting. But we need the assurance that our multiple free, over-the-air programming services will be received by the 70% of the homes of this country that are served by cable and satellite.

Our concern is that a divided FCC last month adopted rules that not only will hurt the DTV transition but undermine PAX-TV's efforts to multicast its free, over-the-air family program services. First, the FCC said that television stations cannot request cable carriage of their digital signal until they turn in their analog channels which will be years away. We think this is a bad decision that discourages broadcasters from building their digital stations and consumers from buying DTV sets and severely damages the chances for economic viability of digital television.

The FCC also decided to permit cable operators to carry only one of a station's multiple channels of free, over-the-air programming rather than requiring cable systems to carry all such free programming. This decision was also wrong. It is contrary to the Congressional intent evidenced in 1992 when you adopted the must carry rules. Anyone reading the recent FCC decision will recognize that the Commissioners were clearly uneasy with their decision and, in fact, were reaching out to Congress for guidance on this issue. PAX-TV urges this Committee to take the opportunity to reaffirm the Congressional commitment to full digital must carry and to the preservation of free, local television by endorsing multi-channel digital must carry of all free, over-the-air programming services.

If content drives the DTV transition, then give the consumer access to all the free multichannel content that we, the local broadcasters, have the ability to air.