

Before the  
COPYRIGHT ARBITRATION ROYALTY PANELS  
Library of Congress

01-1274

Copyright Arbitration Royalty Panels	)	
Satellite Carrier Royalty Rate	)	Docket No. 96-3 CARP SRA
Adjustment Proceeding	)	

DIRECT CASE OF PUBLIC TELEVISION

VOLUME I

GENERAL COUNSEL  
OF COPYRIGHT

DEC 3 1996

RECEIVED

Direct Testimony of PBS Witnesses

Linda McLaughlin  
John Wilson

and

PTV Exhibits 1 - 10

GENERAL COUNSEL  
OF COPYRIGHT

DEC 4 1996

RECEIVED

Timothy C. Hester  
Michele J. Woods  
Covington & Burling  
1201 Pennsylvania Avenue, N.W.  
P.O. Box 7566  
Washington, D.C. 20044  
(202) 662-6000

GENERAL COUNSEL  
OF COPYRIGHT

DEC 4 1996

RECEIVED

Paula A. Jameson  
Gregory Ferenbach  
Public Broadcasting Service  
1320 Braddock Place  
Alexandria, Virginia 22314  
(703) 739-5000

*Counsel for  
Public Broadcasting Service*

December 2, 1996

**Before the  
COPYRIGHT ARBITRATION ROYALTY PANELS  
Library of Congress**

**Copyright Arbitration Royalty Panels    )  
Satellite Carrier Royalty Rate         )  
Adjustment Proceeding                    )**

**Docket No. 96-3 CARP SRA**

**TESTIMONY OF JOHN WILSON**

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION: THE UNIQUE VALUE OF PUBLIC TELEVISION PROGRAMMING	2
1. OVERVIEW: PUBLIC TELEVISION PROVIDES A UNIQUELY VALUABLE ALTERNATIVE TO COMMERCIAL TELEVISION	4
2. DESCRIPTION OF PUBLIC TELEVISION AND ITS PROGRAMMING	6
A. PBS Member Stations	7
B. PBS Programming Sources	8
3. INITIATIVES THAT ILLUSTRATE THE VALUE OF PBS PROGRAMMING	10
A. Recent Program Highlights	10
B. Thematic Programming Initiatives Unique to Public Television	13
C. Programming Initiatives Will Continue in Future Years	18
4. THE RICH DIVERSITY OF PUBLIC TELEVISION PROGRAMMING IS UNIQUE AND THUS HAS IMPORTANT VALUE TO SATELLITE OPERATORS	19
A. Public Television Programming is Educational, Noncommercial, and Non-Violent	21
B. The PBS Schedule Demonstrates Tremendous Subject Matter Diversity	23
C. The PBS Schedule Features Unparalleled Racial, Ethnic and Regional Diversity	28

	<u>Page</u>
D. PBS Children's Programming is Targeted to Different Age Groups	29
E. PBS Imitators Cannot Offer the Unique Service Offered by PBS	31
5. PUBLIC TELEVISION CHILDREN'S PROGRAMMING IS UNIQUELY VALUABLE	31
A. Highlights of the Children's Programming Schedule	33
B. Future PBS Children's Programming Initiatives	39
6. MEASURES THAT DEMONSTRATE THE VALUE OF PUBLIC TELEVISION PROGRAMMING	35
A. Voluntary Contributions by Public Television Viewers Show the Avidity of Their Interest in Public Television Programming	36
B. Estimated License Fees Demonstrate the Value of Public Television Signals	37
C. Widespread Critical Acclaim Demonstrates the Value of Public Television Programming	39
D. Public Television Creates Value by Devoting Significant Resources to Program Development	41
CONCLUSION	43

**Before the  
COPYRIGHT ARBITRATION ROYALTY PANELS  
Library of Congress**

**Copyright Arbitration Royalty Panels    )  
Satellite Carrier Royalty Rate         )  
Adjustment Proceeding                 )**

**Docket No. 96-3 CARP SRA**

**TESTIMONY OF JOHN WILSON**

I am the Senior Director of Program Scheduling and Editorial Management in the Public Broadcasting Service ("PBS") Programming Department. In that capacity, I have overall responsibility for long-term program development for the PBS National Program Service ("NPS"). I am directly involved in the creation of the NPS schedule, as well as the development of current and future programming for inclusion in the schedule. As part of my responsibilities, I work closely with the many public television stations and independent producers who provide public television with its rich array of programming. I also spend a significant amount of time working on budgetary issues for programming being developed for current and future schedules. This requires management of a \$130 million PBS programming budget plus \$170 million more from corporate underwriters. I report directly to Kathy Quattrone, the Executive Vice President of PBS Programming Services, who is the chief programming officer at PBS.

Before taking on my current responsibilities in July 1996, I had similar duties as the PBS Director of Scheduling and Planning. Prior to joining PBS in 1994, I was the Program Manager at PBS member station KAET in Phoenix. I was responsible

for the acquisition, scheduling and evaluation of all of KAET's programming. The on-air promotion and fundraising departments also reported directly to me.

### **INTRODUCTION: THE UNIQUE VALUE OF PUBLIC TELEVISION PROGRAMMING**

I understand that one of the criteria Congress has asked this Panel to consider in setting fair market rates for retransmission of broadcast signals by satellite carriers is the nature of the programming found on the signals. This factor is particularly important when considering the value of the retransmission of public television (or "PTV") programming, because the programming mix available on public television simply is not found on any other signal that the satellite carriers could retransmit. The uniqueness of this programming is embodied in our promotional slogan: If PBS Doesn't Do It, Who Will?

In this testimony, I will focus on the unique attributes of public television programming that make it a valuable part of the program mix of satellite carriers who offer programming services to viewers in public television "white areas." The robust mix of programming offered by public television is not available on any other channel offered by satellite carriers. It is of tremendous value to satellite carriers who want to offer diverse, first-run programming that meets the varied interests and needs of viewers. A satellite carrier that could not offer public television as part of its programming mix would have a deficient programming lineup that clearly would not meet the needs of satellite viewers.

The following is a brief summary of the points I will make in my testimony:

- PTV has featured a host of innovative, original programs in recent years that reinforce the value of public television signals to satellite viewers and operators. Our plans for the public television schedule for the next few years demonstrate that public television will continue to offer programming of tremendous value.
- PTV programming shares three unique attributes -- it is educational, non-commercial and non-violent. PTV programming is used for educational purposes at all levels. PTV programming is not dependent for its existence on the sale of advertising time, and as a result it offers programming different in kind and scope from the commercial marketplace. It also offers uninterrupted programming and freedom from gratuitous violence.
- The PTV programming schedule reflects tremendous diversity. The 1995 and 1996 programming schedules provide examples of the range of subjects covered by public television programming. The program schedule also reflects the racial, ethnic and regional diversity of the American viewing public.
- Children's programming on public television has an unparalleled range of educational, exciting material adapted to the needs of various ages. One-third of American households have children under age 12 and can benefit from this uniquely valuable resource on public television.
- The value of public television programming can be quantified by looking at various measures, all of which suggest that the fair market value of public television is far higher than what satellite operators now pay. These measures include the substantial voluntary contributions made by avid public television viewers across the country, projections based on an industry estimate of the license fees that would be paid for public television programming, and statistics on the overwhelming number of awards and favorable reviews received by public television programming.
- Public television creates value by investing significant amounts of money in program research and development. The public broadcasting system is highly interdependent, and revenue from

each source, including satellite retransmission compulsory license fees, is vital to the well-being of the system as a whole.

1. **Overview: Public Television Provides a Uniquely Valuable Alternative to Commercial Television**

---

Public television's value to satellite carriers and viewers is created precisely by its unique mission -- public television provides a consistently educational, noncommercial, non-violent alternative to the programming available through commercial television. At a time of great debate over some of the programming found on commercial television, it is easy to lose sight of the fact that one programming service is already doing what voters and parents have indicated they care about -- providing excellent, entertaining, educational programs for the American public. And the evidence shows that the American public watches public television -- 82% of television households watch public television for an average of eight hours in a typical month. Avid "niches" of viewers depend on public television for certain types of programming they cannot obtain anywhere else -- whether their particular interest is public television's children's line-up (PBS provides an average of seven hours of educational programming per day); in-depth coverage of news and public affairs; exciting, live performance events ranging from opera to symphony concerts to dance; or the fascinating, detailed examination of historical events and the men and women who shaped them. The programming of public television does not depend on maximizing audiences for any one program; and as a result PTV offers programming that is truly



different in its focus and scope from the programming found on cable networks or other commercial television.

The very uniqueness of the programming offered by public television makes its signals valuable to satellite carriers who are able to offer their subscribers an important source of alternative programming. In particular, subscribers in PTV "white areas" will place tremendous value on access to public television programming because by definition they would not otherwise be able to watch PTV.

Some imitators, including various cable networks, now try to replicate and profit from certain types of programming first developed by public television. We believe that imitation is the sincerest flattery, and that it would be to the benefit of the American people if public television-style programming were more widely available. But the truth is that the cable networks offer only a pale imitation of PTV. They do not begin to match the diversity of PTV; nor do they compare to PTV in first-run programming. Most fundamentally, because they are driven by advertising revenues (some 40% of cable network revenues are derived from advertising) they can never match PTV in terms of providing important, "niche" programming that may be of particular interest to groups of avid viewers even if it does not generate "mass" audiences. As a result, there is nowhere else on television, including the cable networks, that one can find all the elements of the programming mix available on public television. No cable network provides the many hours of original, first-run

programming offered by PTV each year, or the consistent investment of PTV in the highest levels of production, in-depth research, and background work.

As Linda McLaughlin demonstrates in her testimony, the minimum value for retransmitted broadcast signals can be derived from the amounts paid by satellite operators to carry basic cable networks. The programming on PTV and other retransmitted signals is worth at least as much as what satellite operators are willing to pay in a free market for cable networks. However, for the reasons alluded to above and discussed in more detail below, it is clear that retransmitted PTV signals in fact have a value to satellite operators that substantially exceeds what they pay to carry many cable networks. PTV programming is unique; the cable networks do not begin to match it; and a satellite operator must be able to offer PTV programming if it is to have a robust and attractive mix of programming for its subscribers. This is essential programming. When these considerations are taken into account, they support a license fee significantly above the benchmark calculated by Ms. McLaughlin -- and they clearly corroborate her calculation of a minimum reasonable fee based on the amounts paid by satellite operators for the cable networks.

## 2. Description of Public Television and Its Programming

Before turning to a specific discussion about the value of PTV programming for satellite operators and viewers, I will provide a brief overview of the structure of public television. I will also describe the process of developing, acquiring,

and funding public television programming, which is in many ways distinct from the methods used to produce or acquire programming for commercial television.

A. PBS Member Stations

PBS develops and provides programming services on behalf of its membership, which is made up of 345 public television stations operating in communities throughout the United States and its territories. The PBS member stations include the vast majority of public television stations across the country.<sup>1/</sup> These 345 PBS "member stations" are owned and operated by 177 "member institutions," all of which are FCC licensees.<sup>2/</sup>

PBS provides financial support for new programming, develops programming initiatives and strategies, and distributes programming to member stations via satellite from PBS's facilities in Alexandria, Virginia. PBS does not itself produce programs, but rather aggregates funds from member stations, the Corporation for Public Broadcasting ("CPB"), and other sources to provide financial support to programming

---

<sup>1/</sup> There is tremendous variety among PBS member stations in terms of their ownership, their mission, and their programming content. Some are community licensees governed by a community board of trustees; others are state licensees owned by a state board of education or another state agency; others are owned and operated by universities or colleges; and yet others are owned by cities, counties, or local school districts. A list of public television stations is found at PTV Exhibit 1.

<sup>2/</sup> A member institution such as a state public broadcasting system may operate several member stations -- some stations may carry programming of general interest, including much of the PBS NPS programming, while other stations may devote more of their schedules to programming adapted to serve as part of the school curriculum.

developed by independent producers and public television member stations. PBS also engages in significant research and promotional activities to support public television programming.<sup>3/</sup>

**B. PBS Programming Sources**

The public television programming distributed by PBS to its members comes from a variety of sources. Between 1992 and 1995, more than 60 public television stations produced programs distributed by PBS. Many stations produce established, ongoing series for nationwide distribution. For example, WNET in New York produces NATURE and GREAT PERFORMANCES, while WETA in Washington, D.C., produces WASHINGTON WEEK IN REVIEW. WGBH in Boston is a prolific program producer; its many productions include the NOVA science series, the FRONTLINE documentaries and MASTERPIECE THEATRE. In addition to these ongoing series, member stations are involved with the production of outstanding television events like HOOP DREAMS, which was produced by Kartemquin Educational Films in association with KTCA, St. Paul, and THE LAST HIT: CHILDREN AND VIOLENCE, which was produced by WTVS, Detroit in association with HKO Media and Children's Hospital of Michigan.

Public television also acquires a significant amount of programming from unaffiliated independent producers. These producers contribute hundreds of hours each

---

<sup>3/</sup> More details on the structure and role of PBS are found in *Facts About PBS* at PTV Exhibit 2.

year of original programming that is not available anywhere else on television. This important, distinctive programming is one essential difference between PTV and any combination of the offerings of commercial broadcast television or the cable networks. One example of these distinctive programs is the P.O.V. series, which showcases independent nonfiction films with a "point of view." Recent programs in the series have included *Dialogues with Madwomen* and *Maya Lin: A Strong Clear Vision*.<sup>4/</sup>

PBS also acquires unique, valuable programming from more established independent producers, including the Children's Television Workshop, which produces SESAME STREET, and Scholastic Productions, Inc., which produces THE MAGIC SCHOOL BUS. Another example is Ken Burns, the producer of the highly-acclaimed CIVIL WAR series and the co-producer with Steven Ives of the recent series on THE WEST. This type of programming is not found consistently on any other program service a satellite carrier could offer to subscribers.

As independent entities, PBS member stations are autonomous in their programming decisions, and many of them produce and acquire significant amounts of programming from sources other than the PBS National Program Service. Each station

---

<sup>4/</sup> Independent productions shown on PBS have consistently won Peabody and duPont-Columbia awards, which are considered the highest honors in television broadcasting and broadcast journalism. For instance, in 1994, THE GREAT DEPRESSION by Blackside Inc. won a duPont-Columbia award. In 1995, COMPLAINTS OF A DUTIFUL DAUGHTER by The American Documentary won both Peabody and duPont-Columbia awards. An illustrative list of awards won by nationally-distributed public television programming in 1994 and 1995 is included at PTV Exhibit 14.

is free to define its own focus and formulate its own schedule. Regional program services are among the many sources of programming available to local public television stations. These services include the American Program Service, the Central Educational Network, and the Southern Educational Communications Association. These services make educational, cultural, public affairs and informational programming available to public television stations on an ongoing basis. They provide their programming entirely outside of PBS's national program distribution service.

PBS member stations also produce a significant amount of their own original regional and local programming for broadcast. For instance, KRMA in Denver has produced the award-winning REALLY SHORT SHOWS for children, as well as TEEN COURT and COLORADO LANDSCAPES, which received a regional Emmy award nomination. Philadelphia station WHYY also has produced a wide range of programs that have garnered awards and nominations, including HOW WILL OUR CITIES SURVIVE, THE GREAT COMET CRASH, and THE ART OF HORACE PIPPIN.

### 3. Initiatives that Illustrate the Value of PBS Programming

#### A. Recent Program Highlights

The programming initiatives that have been undertaken at PBS since the 1992 satellite rate proceeding have further established public television as a visible, attractive, and valuable source of alternative programming for television viewers. These programming initiatives have been combined with significant promotional strategies that

have increased the attractiveness and visibility of public television as a major alternative to commercial television. This continued success has been demonstrated as PBS programming continues to receive overwhelming levels of press coverage and numerous awards each year.<sup>5/</sup> While PBS has had notable programming successes in every year since the 1992 rate proceeding, I understand that the rate to be established in this case will apply into the future for several years, so I will concentrate my testimony on our most recent programming achievements.<sup>6/</sup>

A recent and notable success of PBS's programming efforts was the series THE WEST, which was shown in September 1996. The series received tremendous critical and public acclaim -- including a feature article in Time and widespread newspaper coverage throughout the country. Once again, PBS hosted a major, unique television event that is different in kind from typical commercial programming.<sup>7/</sup>

Beyond this documentary, there are many other examples of PTV programming during 1995 and 1996 that offered satellite viewers a unique, diverse programming alternative. Here are a few examples:

---

<sup>5/</sup> PTV Exhibits 14 and 15 include listings of some of the awards that public television programming received from 1994 through 1996. PTV Exhibits 16, 17, and 18 include illustrative newspaper articles and critical reviews touting public television programming.

<sup>6/</sup> A listing of many of the highlights of the 1995-96 public television program schedules is found at PTV Exhibit 3. Videotaped highlights of programming for these seasons are found at PTV Exhibit 6. I plan to show a selection of these video clips during my testimony. Complete prime time and weekly schedules for much of 1995 and 1996 are found at PTV Exhibits 9 and 10.

<sup>7/</sup> PTV Exhibit 18 includes illustrative reviews and news stories about THE WEST.

- HOOP DREAMS: This film was a portrait of two inner-city boys pursuing the dream of playing in the NBA against enormous odds from the combined pressures of academics, family life, economic and social concerns, and athletic competition.
- THE AMERICAN EXPERIENCE: *The Orphan Trains*: This program documented the turn-of-the century program to send homeless children from New York City to new homes in Midwest farm communities. The successes and failures of this ambitious rescue effort were described through documentary footage and the recollections of older Americans who rode on the orphan trains.
- LISTENING TO CHILDREN: A MORAL JOURNEY WITH ROBERT COLES: Pulitzer Prize-winning child psychiatrist Robert Coles attempted to understand why some children lead lives guided by a strong conscience while others do not. He provided an intimate portrait of eight American children struggling to make sense of a turbulent world affected by problems including family deterioration, alcoholism, AIDS, and violence.
- SEX, TEENS, AND PUBLIC SCHOOLS: Jane Pauley hosted this exploration of the conditions that have led to escalating rates of teen pregnancy. The program considered the role that public schools can play in slowing the rates of early and unwanted pregnancy, as well as the heated ideological debate over sex education, school-based clinics, and the role of public schools in preventing teen pregnancy and childbearing.
- CHARACTER ABOVE ALL: Jim Lehrer hosted this election-year special examining the impact of character on the leadership of the ten presidents who served from 1932-1992. He was joined by historians, biographers and journalists, including Doris Kearns Goodwin on Franklin Roosevelt, David McCullough on Harry Truman, and Peggy Noonan on Ronald Reagan.
- PEOPLE IN MOTION II: This series continued the exploration of the ways in which technology is helping people with disabilities lead more independent lives with an examination of creative technologies to assist people with cognitive disabilities such as autism and cerebral palsy. It also offered inspirational examples of people who challenge traditional notions of disability.
- 21ST CENTURY JET: THE BUILDING OF THE 777: This limited series presented a behind-the-scenes look at the process of developing the Boeing 777 -- one of the largest and most complex airplanes ever built, and the first to be designed primarily with computers.



- o GENESIS: A LIVING CONVERSATION: Bill Moyers discussed the stories of the Book of Genesis and their relevance for contemporary society with biblical scholars, writers, artists, psychotherapists and many others. Eternal debates about the nature of faith and the struggle between good and evil were juxtaposed with contemporary issues such as racism, the role of women, and dysfunctional families.
- o NATIONAL GEOGRAPHIC'S INSIDE THE WHITE HOUSE: The backdrop of this program was a 1995 state dinner for Boris Yeltsin. Viewers were guided through all parts of the White House including the private living quarters of the First Family. The program also included footage of previous televised tours, and interviews with all living presidents and first ladies, and present and former staff members from chief ushers to carpenters.

PBS undertakes carefully-selected promotional initiatives to ensure that viewers are aware of the exciting programming alternatives available on public television. For instance, each year PBS runs a special advertising supplement in The New Yorker magazine. This supplement focuses attention on some of the major events in the programming schedule. The supplements for 1993-95 are found at PTV Exhibit 13. We also run advertisements in TV Guide highlighting programming in the national schedule. This promotional activity is coordinated with local PTV member stations so that readers will know when and where they can watch the attractive, exciting programs featured in the advertisements.

**B. Thematic Programming Initiatives Unique to Public Television**

In recent years, PBS has also built on its unique position as a leader in news and public affairs by distributing innovative programming that both reflects and defines important current issues. PBS is able to marshal its programming resources to

address these issues in a way that commercial broadcast and cable television, with their dependence on attracting advertising dollars, cannot.

In 1995, PBS addressed issues of violence at various levels in cooperation with the Act Against Violence Campaign. As a part of this theme, PBS presented a Bill Moyers Special entitled WHAT CAN WE DO ABOUT VIOLENCE? This innovative four-hour special, filled with first-hand accounts of violence and its effects, told the story of citizens and communities working to turn the tide of violence. These concerns were addressed for younger viewers with a week of programming on MISTER ROGERS' NEIGHBORHOOD with the theme, "What Do You Do With the Mad That You Feel?" These programs were designed to help younger children develop inner control and find healthy outlets for their anger.

The problem of violence was addressed for teenagers, the group that is often most directly affected by violent acts, in several high-energy, thought-provoking specials produced by IN THE MIX, a series produced with teenagers that "manages to be both hip and responsible." The specials included *Inside Prison*, which documented the grim reality of prison life and addressed the myth of prison as a desirable rite of passage, and *Making Schools Safe*, a program that addressed the anxiety of many teenagers about crime and violence. IN THE MIX is backed by a unique, extensive outreach program to make the programs useful to local audiences. The program is designed with the assistance of educators and youth service organizations.

A global perspective on issues of teen violence was provided in several episodes of CLUB CONNECT, a magazine-style series for teenagers, in a mini-series entitled *Reality Check: CLUB CONNECT Looks At World Racism*. Episodes based in London and Detroit focused on how teenagers can successfully handle racist attacks, and the link between violence and racist attitudes in a community.

This election year, an important thematic highlight of PBS's programming has been The Democracy Project. This exciting, innovative, multimedia initiative was designed to draw Americans back into the democratic process by reaching past traditional coverage of the "horse race" between the candidates to hear what citizens have to say and what their votes actually mean in relation to solving the problems they care about. The Democracy Project's programs were combined with education and outreach efforts that demonstrated the distinctive hallmarks that set PBS apart as an alternative source of valuable programming: depth, duration, and a wide-ranging diversity of viewpoints.

The Democracy Project featured more than seventy hours of innovative national and local programming targeted during the months leading up to the election. In addition to PBS's in-depth prime time coverage of the nominating conventions (produced in collaboration with NBC) and the election night returns, highlights of the election-year programming included:

- PBS DEBATE NIGHT: THE FUTURE CONGRESS: This unique evening of congressional debates was designed to illuminate the important choices voters faced in the congressional races. The centerpiece of the

evening included a live debate from the House of Burgesses in Colonial Williamsburg, moderated by Jim Lehrer and featuring Republican and Democratic leaders. Approximately 70 local public television stations aired live debates featuring local congressional races and citizen discussions immediately preceding or following the Colonial Williamsburg debate.

- VOTE FOR ME/POLITICS IN AMERICA: This program examined what it takes to run for office in America. It toured the country looking at the people who run for office and get involved in campaigns. Part of the program followed Maggie Lauterer, an average citizen with no political experience involved in a bitter election contest, while asking the question: Why does anyone get involved in politics?
- DOES AFFIRMATIVE ACTION UNITE US OR DIVIDE US? -- A "THINK TANK" SPECIAL: This special explored the historic roots of the current affirmative action debate and the prospects for reform in light of the opposing positions staked out by Bill Clinton and Bob Dole as the election approached.
- FIRING LINE SPECIAL DEBATES -- *"Resolved: the Republican Party is Better Able to Run the Country for the Next Four Years Than the Democratic Party"*: This exciting two-hour debate included Newt Gingrich, George McGovern, and Henry Kissinger, and was hosted by William F. Buckley Jr. and moderated by Michael Kinsley.
- FRONTLINE: *Why America Hates the Press*: Featured reporters Jack Germond, Bob Woodward, Cokie Roberts, and James Fallows offered a tough, insider's examination of the culture and tactics of the national press corps and its impact on American politics.
- RUNNING MATE: This fast-paced one-hour documentary looked at the role of the vice-presidential candidate through interviews with Bob Dole, Al Gore, Dan Quayle, Walter Mondale, Gerald Ford and Geraldine Ferraro, interwoven with historical clips, insights from historians, and footage of the vice-presidential nominations from the 1996 conventions.

The Democracy Project also featured an outreach program and numerous special programs designed to make democracy accessible at the local level, and to reinforce the educational mission of the programming. The Democracy Project included

monetary awards to local stations as seed money for new public affairs programming; an innovative website that included "Dissect-an-Ad," an interactive exercise to encourage people to think more critically about campaign strategies and advertising; a presidential inaugural speech contest for high school seniors; and extensive educational resource materials including an on-line "Correspondence with Correspondents" program which linked high school classes with reporters from nationally-recognized news organizations including The New York Times, CNN, The Wall Street Journal, and Time Magazine.<sup>8/</sup>

While The Democracy Project provides one high-profile example of PBS outreach efforts made to support a series of programs and further its educational mission, similar examples are found throughout the PBS schedule. Outreach materials and educational supplements are frequently made available in conjunction with PBS programs ranging from children's programming like WHERE IN TIME IS CARMEN SANDIEGO?, to science series like NOVA and historical documentaries like THE WEST.<sup>9/</sup>

The Democracy Project is thus a good but not unique example of the in-depth comprehensive approach to important issues that is the hallmark of PTV programming. Viewers want access to such programming -- and satellite operators gain real value from being able to offer this programming to their subscribers.

---

<sup>8/</sup> A small sample of the on-line information available on the acclaimed PBS website is found at PTV Exhibit 8.

<sup>9/</sup> Additional information about the educational outreach material available from PBS is found at PTV Exhibit 12.

C. Programming Initiatives Will Continue in Future Years

PTV's tradition of thorough, in-depth examination of issues and questions of importance in many different fields will continue during the years covered by the rates that will be set in this proceeding. A sampling of the many projects in development or production for upcoming seasons demonstrates that public television programming will continue to offer unique, diverse programming with tremendous marketplace value.<sup>10/</sup>

- THOMAS JEFFERSON: This Ken Burns special will be the first in a series on noted figures from American history. Other parts of the series in development include programs on Lewis and Clark, Frank Lloyd Wright, Elizabeth Cady Stanton and Susan B. Anthony.
- THE AMERICAN WAY OF DEATH: A panel will consider the medical, social, ethical, financial and philosophical components of death in America, including the complicated situations that confront a major medical center's ethics committee.
- THE ROYAL OPERA HOUSE: This series will go behind the scenes of the Royal Opera House in Covent Garden to show the turbulent reality behind the home of the Royal Opera and the Royal Ballet. American diva Denyce Graves collapses, productions are constantly over budget, conductor Gennadi Rozhdestvensky walks out and a replacement is flown in from Toronto, and management battles with the unions under tremendous pressure to balance the budget. A camera crew records all of these events as the season unfolds.
- AFFLUENZA: THE COST OF HIGH LIVING: This program will examine the high cost of the American lifestyle -- in 1996, Americans, who make up five percent of the world's population, will consume one-third of its resources and produce half of its hazardous waste. The costs

---

<sup>10/</sup> A listing of some of the other programs in production for future seasons is found at PTV Exhibit 4. All of these projects and many others are at some stage of development or production and are likely to be shown between 1997-1999. It is possible, however, that they will move forward or even be dropped from the schedule as the program schedule continues to evolve.

of affluence and the need to "keep up with the Joneses," including stress, erosion of family and community ties, skyrocketing debt, and the growing gap between rich and poor, will be documented.

- **KNIFE TO THE HEART:** This miniseries will tell the compelling story of transplant surgery through first-hand accounts by transplant patients, their families, scientists and surgeons. It will trace the history of the first organ transplants, the increasing success rate, and the search for ways to get the human immune system to accept new organs. It will then examine the controversial question of the use of genetic engineering.
- *Harry Truman* and *Reagan*: **THE AMERICAN EXPERIENCE** will mark its tenth anniversary season by offering these two additions to its highly-acclaimed series of presidential biographies.
- **THE NEW URBAN RENEWAL: RECLAIMING OUR NEIGHBORHOODS:** Clarence Page will host this three-part series, which explores new ideas for local initiatives such as community development corporations, resident management of public housing, and programs for at-risk youth.
- **THE U.S. MEXICAN WAR:** This bi-national series will chronicle the first foreign war of the United States. The series examines the causes and legacy of a conflict that led to the United States gaining almost half of Mexico's territory -- the part of the American Southwest extending from Texas to California.
- **ADDICTION AND RECOVERY: A BILL MOYERS SPECIAL:** Bill Moyers will report on the personal and public costs of addiction, medical research on the physiology of addiction, and the challenges of recovery to individuals, families, business, and our society as a whole.

4. **The Rich Diversity of Public Television Programming is Unique and Thus Has Important Value to Satellite Operators**

A continuing hallmark of the programming available on public television is its diverse offerings of multiple, in-depth program options of various types that are not available on commercial television. For viewers of programming from **THE NEWS HOUR WITH JIM LEHRER** to **LIVE AT LINCOLN CENTER** to **HOOP DREAMS**,

public television offers a variety of programming alternatives they cannot find elsewhere on television.

PTV programming is explicitly formulated and structured to achieve diversity in terms of content, format and audience. PTV provides its member stations with around 1,600 hours of original programming each year.<sup>11/</sup> The extensive variety of programs included in these offerings includes numerous programs created exclusively for PTV by producers throughout the country. This range of diverse programming, by its very nature, would not be found on commercial television because individual programs may not maximize viewing audience and thus would not be a success in a broadcasting environment dependent on advertising dollars. The breadth of programming offered by PTV is also not generated by cable networks, which are also heavily dependent on advertising revenues for their success.

The diversity of PTV program offerings can be demonstrated in a number of ways. PTV programming is unique because of its consistent educational, non-commercial and non-violent nature. PTV programming also covers a wide range of subject matters, and includes programming in a number of areas that are often neglected by commercial programming sources. PTV provides programming at the national and local level that reflects the significant regional and ethnic diversity of the American

---

<sup>11/</sup> The programming charts at PTV Exhibits 9 and 10 demonstrate the varied mix that PBS offered to its local stations over the course of a recent year. The program guides found in PTV Exhibit 11 illustrate the mix that was offered by Denver station KRMA, a public television signal that has been retransmitted to many "white area" subscribers.



viewing public. PTV provides unique, educational children's programming targeted to different age groups. These attributes are reflected throughout the PBS program schedule.<sup>12/</sup> In short, cable networks or others that imitate certain elements of the PTV programming lineup simply do not offer the array and depth of programming available on public television.

**A. Public Television Programming is Educational,  
Noncommercial, and Non-Violent**

There are at least three overriding ways in which public television programming is distinct from commercial broadcast signals and cable networks. First, PTV has a unique commitment to educational programming at all levels, targeted all the way from pre-school children to college students. Second, PTV programming is non-commercial and does not depend on advertising revenue for its support. Third, PTV programming, and especially its programming for children, is non-violent.

The educational value of public television is demonstrated by a number of statistics that show the educational impact of public television:

---

<sup>12/</sup> A survey commissioned by WTBS superstation showed that subscribers to cable television are most attracted to programming with the attributes found most commonly on PTV -- including educational programming, high quality programs, limited commercial interruption, programming the entire family can watch, and a wide variety of programs. Extracts from the testimony of Robert Sieber, the WTBS executive who sponsored the study in the 1990-92 cable distribution proceeding, are provided at PTV Exhibit 20.

- More than 70% of all children -- about 30 million students -- are enrolled in schools that receive educational programming from local public television stations.
- Nearly two million teachers use public television material in the classroom.
- Over three million students have received college credits through the viewing of PBS programs.
- Each year, more than 325,000 people receive college credits by taking telecourses through PBS's partnership with over 1,500 colleges and universities.

Additional information on the formal educational uses of public television is found at PTV Exhibit 12.

In addition, the fact that so much public television programming is backed by research and production aimed at supporting its educational use means that much of the material found on public television signals is of tremendous educational value to the general viewing public. On public television, viewers committed to lifelong growth and learning can find insightful programming with accurate, in-depth information about the latest developments in everything from AIDS research to space exploration.

The non-commercial nature of public television is another unique attribute of value to television viewers. Most fundamentally, programming can be different when it does not have to be supported by mass audiences and advertising dollars. Moreover, the lack of commercials on PTV offers a different viewing experience. In addition to being able to enjoy programming without commercial interruption, viewers also receive more program content per hour. Commercial broadcast stations include 18.5 minutes of

advertising per hour of daytime programming, and 14.2 minutes of advertising per hour of prime time programming. By contrast, on average public television has only 5.6 non-programming minutes per hour, including sponsorship identifications, and these non-program minutes never interrupt a program.<sup>13/</sup>

Public television continues to offer a haven from the violence that is found on so many television programs. Programming on public television is generally free from violence, and it is uniformly free from excessive violence presented without warning or context. Gratuitous violence is not a part of our programming. One of the greatest concerns about violence on television is its impact on children. PBS children's programming is explicitly designed to avoid showcasing violence.

**B. The PBS Schedule Demonstrates Tremendous Subject Matter Diversity**

PBS offers an extensive array of programming for general audiences of all ages. Many of these programs are created by teams of talented producers working with experts in the fields covered by the programming. The 1995 and 1996 program schedules provide numerous examples of the range of subjects covered by PTV.<sup>14/</sup>

---

<sup>13/</sup> Public television stations run pledge drives during some programs at certain times of the year, but even during those weeks much of the programming is uninterrupted. On an annualized basis, the pledge drives account for an average of only 1.3% of the total air time for public television.

<sup>14/</sup> This description is limited to a number of representative examples. Additional highlights from these program years are found in PTV Exhibit 3.

The performing arts are featured on GREAT PERFORMANCES, which includes opera, ballet, drama, modern dance, musical theater and orchestral performances. In 1995 and 1996, GREAT PERFORMANCES included CARNEGIE HALL OPENING NIGHT 1995 featuring a gala concert with Seiji Ozawa, Boston Symphony Orchestra and pianist Evgeny Kissin; a retrospective showcasing Julie Andrews as she returned to Broadway in VICTOR/VICTORIA; a selection of Strauss waltzes in FROM VIENNA: THE NEW YEAR'S CELEBRATION; and DANCE IN AMERICA: TWYLA THARP: OPPOSITIONS highlighting the choreography of Twyla Tharp.

Other music events on PTV included LIVE FROM LINCOLN CENTER, which began its 20th season in 1995 with *New York Philharmonic Opening Night* with acclaimed Soprano Jessye Norman. In 1996, the series included a program featuring Yo-Yo Ma as one of the *Great Performers at Lincoln Center*, the New York City Opera presenting Franz Lehar's operatta *The Merry Widow*, and *Pavoratti Plus!* featuring tenor Luciano Pavoratti and other famed opera stars. In 1995, PBS introduced BACKSTAGE/LINCOLN CENTER as a companion piece offering more information to prepare viewers for the live events. THE METROPOLITAN OPERA PRESENTS offered *Arabella*, Richard Strauss's collaboration with Hugo von Hofmannstal, Puccini's *Madama Butterfly*, and Verdi's *Otello*. PBS also premiered ROCK & ROLL, a series tracing the history of rock from its beginnings in the 1950s.

PBS also continued to offer an extensive array of unparalleled live drama productions. MASTERPIECE THEATRE celebrated its 25th year on PBS in 1995 by presenting new dramatizations of classics of world literature, including an adaptation of Edith Wharton's unfinished novel *The Buccaneers*, and an adaptation of the E.M. Forster novel *Where Angels Fear to Tread*. MASTERPIECE THEATRE also offered more episodes of the tremendously popular *Prime Suspect* with Helen Mirren. The MYSTERY! series continued to delight audiences, and AMERICAN PLAYHOUSE, television's longest-running anthology drama series, premiered acclaimed feature films and original television events.

Special performance events on PBS during these years included the ATLANTA SYMPHONY GOSPEL CHRISTMAS; IN PERFORMANCE AT THE WHITE HOUSE with Kathy Mattea, Alison Kraus and Suzy Bogguss; and a special profile of one of Chicago's premiere jazz dance troupes in REALITY OF A DREAMER: RIVER NORTH DANCE COMPANY. The interests of young music lovers were addressed in a number of events including MARSALIS ON MUSIC, a four-hour series covering the basics of music appreciation as conceived and written by Winton Marsalis.

PBS also continued to offer unrivaled in-depth news analysis and award-winning public affairs programming with THE NEWS HOUR WITH JIM LEHRER; the weeknight series CHARLIE ROSE; TONY BROWN'S JOURNAL, which focuses on issues of special interest to the African-American community; WALL STREET WEEK

WITH LOUIS RUKEYSER, which explores economic issues facing the United States and the world; and WASHINGTON WEEK IN REVIEW, a weekly program providing in-depth analysis of major new events by Washington's top journalists. FRONTLINE continued to present its timely, hard-hitting documentaries focused on national and international events and issues. In 1995 and 1996 it offered programs on such varied topics as the Gulf War, including interviews with Generals Schwarzkopf and Powell, James Baker, Mikhail Gorbachev, Margaret Thatcher and numerous soldiers on both sides of the front lines; the rush of business to stake claims in cyberspace on the Internet; an in-depth examination of the lives of anti-abortion activist John Salvi, convicted of murder in attacks on Massachusetts health clinics, and the two clinic receptionists who were his victims; a biography of House Speaker Newt Gingrich; and Rupert Murdoch's drive to establish the first global communications network.

During 1995 and 1996, PBS continued its longstanding tradition of excellence in the presentation of American history. PBS offered a number of limited series including THE WEST, THE AMERICAN EXPERIENCE -- *TR, The Story of Theodore Roosevelt*, and THE GREAT WAR AND THE SHAPING OF THE TWENTIETH CENTURY. THE AMERICAN EXPERIENCE continued to offer nonfiction films about America's past, covering topics including *Nixon; Thomas Edison -- The Electrifying Wizard; The Battle of the Bulge; Last Stand at the Little Big Horn; Daley, the Last Boss; U-2, Spy in the Sky; and Amelia Earhart*.

Special programs highlighting topics in American history included A LYNCHING IN MARION, a first-hand account of the experience of one man who was nearly lynched, combined with an archival examination of the victims of lynch mobs; THE PEOPLE'S PLAGUE: TUBERCULOSIS IN AMERICA; A. PHILIP RANDOLPH: FOR JOBS AND FREEDOM, the story of the labor and civil rights leader who worked to advance the economic position of African-Americans in order to enhance their civil rights; and IN SEARCH OF THE OREGON TRAIL, based largely on the diaries of pioneers.

World cultures and world history received fascinating, thorough examination on PBS in specials and limited series like LODZ GHETTO; THE GERMANS: PORTRAIT OF A NEW NATION; HIDDEN MEXICO; THE INLAND SEA, a special about the changing culture of Japan; and EMERGING POWERS, a profile of four developing nations -- India, China, Brazil, and Mexico -- that are leading the transformation of global economic power.

Another hallmark of PBS is its science, nature and exploration programming, which is distinguished through its production in close collaboration with scientists and experts. These programs, like many of the other PBS programs highlighted above, often serve as the basis for telecourses and are produced with the standards that must apply to programming being created to educate as well as to inform and entertain. PBS continues to offer the long-running series NOVA, which explores the latest developments in science, medicine and technology, and NATURE, which examines

topics in zoology, botany, ecology and geography. Specials and limited series focused on these topics include *Odyssey of Life -- A NOVA Special*, featuring the amazing cinematography of Lennart Nilsson used to explore images of human and animal embryos, and microscopic intruders into the human body; APOLLO 13: TO THE EDGE AND BACK; IN THE WILD, featuring celebrities who fulfilled their life-long dreams of encountering wild animals in their natural habitats and promoting their survival; and THE NEW EXPLORERS, spotlighting scientists who are making exciting, life-changing discoveries on topics as diverse as evolution in the Galapagos Islands, the environmental crisis caused by the decline of the world's fish population, and the global research for an AIDS cure.

**C.     The PBS Schedule Features Unparalleled Racial, Ethnic and Regional Diversity**

Public television also provides an unprecedented range of programming about ethnic and racial groups and regions throughout the United States. In 1995 and 1996, PBS presented DOUBLES: JAPAN AND AMERICA'S INTERCULTURAL CHILDREN; *Midnight Ramble*, part of the AMERICAN EXPERIENCE series, describing the independent film industry that produced around 500 movies for African-American audiences between 1910 and 1940; HOOP DREAMS, the documentary tracing the high school careers of two inner-city students who dream of playing in the NBA; TO THE CONTRARY, a news analysis series spotlighting a rotating panel of women with diverse ethnic and racial backgrounds; THE MOREHOUSE MEN, which follows a group of freshmen through their first year at the only African-American men's college in



the United States; CHICANO! HISTORY OF THE MEXICAN AMERICAN CIVIL RIGHTS MOVEMENT; and FREDERICK DOUGLASS: WHEN THE LION WROTE HISTORY. Issues of diversity are addressed for children in THE PUZZLE PLACE, a daily series featuring six "puppet kids" from diverse backgrounds.

Programming distributed on the national level that featured different regions of the United States included THE ARTIST AND THE WOLVES, a program highlighting Minnesota artist Dan Smith, who paints and works to preserve the habitat of the great gray wolf of the Minnesota north woods; BAKERSFIELD COUNTRY!, a musical tour of West Coast country music based in the music of the Dust Bowl immigrants; SONGS OF THE HOMELAND, a documentary telling the story of the Tejano music developed by Texas Mexican-Americans; and WEST VIRGINIA, which presents a rich, compelling narrative history of this turbulent state.

In addition, one of the important functions of local public television member stations is to address issues and topics of regional and local interest. Many local schedules contain significant local and regional programming that is either produced by the local station or purchased from a regional programming cooperative like the Southern Educational Communications Association.

**D. PBS Children's Programming Is Targeted to Different Age Groups**

Another element of the programming diversity offered by public television is its varied mix of children's programs, designed to provide educational benefits to

discrete age groups.<sup>15/</sup> The children's programs offered by PBS entertain children, but at the same time all have been designed as educational programs with specific learning objectives. With a systematic and specific educational focus throughout its children's programming, PTV is offering a truly unique service to the Nation's families.

One roster of PBS children's programs is oriented toward preschoolers (ages 2 to 5), another is directed toward elementary school children (ages 6 to 12), and separate programming is designed for teenagers. Preschool programs like SESAME STREET, ARTHUR, MISTER ROGERS' NEIGHBORHOOD, LAMB CHOP'S PLAY ALONG, SHINING TIME STATION, and BARNEY AND FRIENDS help preschool children prepare for school and formal learning by providing an introduction to social skills and ethics in group play settings, and by providing a greater awareness of letters and numbers. READING RAINBOW, WISHBONE, NEWTON'S APPLE, WHERE IN TIME IS CARMEN SANDIEGO?, BILL NYE THE SCIENCE GUY, and THE MAGIC SCHOOL BUS reinforce skills and information in literature, science, history and geography for children between the ages of 6 and 12. PBS offers the series IN THE MIX for teenagers, who are also old enough to appreciate much of the general interest programming on PBS, especially in the history, science, nature and explorations categories. (The particular value parents place on PBS children's programming is discussed below at pages 31-32.)

---

<sup>15/</sup> A listing of many of public television's 1995-96 programs for children is included at PTV Exhibit 5.

E. **PBS Imitators Cannot Offer the Unique Service Offered by PBS**

In recent years, a number of PBS "look-alikes" have appeared on cable television. While these attempts to imitate PBS provide another demonstration of the value and demand for our programming, they are only pale imitations of what is available to viewers on PBS. In fact, these cable networks often acquire second-run programming that has already been shown on public television.

Cable channels like A&E, Discovery and Nickelodeon offer neither the array of program types, nor the commitment to original, first-run programming found on public television. Some elements of PBS's strong program line-up are not represented at all on the cable networks -- for example, in-depth, carefully-researched public affairs programming is notably absent, as is PBS's unparalleled array of live performance programming in all areas of the arts. The look-alikes also do not develop programming designed to appreciate the full range of America's ethnic, racial and regional diversity. And, of course, the depth and volume of PBS's children's programming is not found anywhere else on television.

5. **Public Television Children's Programming is Uniquely Valuable**

One of the uniquely valuable attributes of public television is its unparalleled children's programming. A satellite carrier that retransmits a public television signal is able to offer programming of superior value to households with young children -- since many parents place especially heavy value on having access to

the educational, non-commercial, non-violent children's programming of public television. There is no question that public television enjoys a particularly avid viewership among young children, and that parents of those children place substantial value on having access to that programming.

It bears particular emphasis that satellite carriers retransmit PTV signals to "white areas" that otherwise have no access to PTV. For families with children, this is exceedingly valuable. And since more than one-third of the households in this country have children under the age of 12, and nearly one in six have children under six years of age,<sup>16/</sup> satellite operators gain a major benefit through the ability to provide subscribers with access to PTV children's programming.

PTV's unique commitment to children's programming is demonstrated by the recent Clinton administration initiative to encourage commercial television programmers to provide three hours of children's educational programming per week. This achievement was widely viewed as a significant step toward improving the television offerings available for children. By contrast, PBS offers an average of seven hours of educational children's programming each and every day.

Moreover, PTV's unique educational focus for children cannot be measured solely in terms of programming hours. A new PBS initiative, PTV, The

---

<sup>16/</sup> U.S. Department of Commerce, Bureau of the Census, Current Population Reports, Household and Family Characteristics, Table 18, March 1994 (Series P20-483), U.S. Government Printing Office, Washington, D.C., 1995.

Ready to Learn Service, provides a combination of programming, public service announcements, and outreach materials designed to achieve the goal of having all American children start school with the basic skills they need to be "ready to learn." The service is already available in 75% of the country, and by next year should be available in all households served by PTV.<sup>17/</sup>

**A. Highlights of the Children's Programming Schedule**

The children's programming offered on PBS in 1995 and 1996 continues the PBS tradition of offering creative, innovative programming that is attractive to children. The programming continues PTV's focus on building educational skills with non-commercial, non-violent programming -- while at the same time providing entertaining programming that children want to watch.

In 1995 and 1996, PBS offered new episodes of many of the long-running series that continue to delight new generations of young children. These series include SESAME STREET, MISTER ROGERS' NEIGHBORHOOD, BARNEY & FRIENDS, LAMB CHOP'S PLAY-ALONG, and SHINING TIME STATION. PBS also offered young children holiday specials based on their favorite programs, including LAMB CHOP'S SPECIAL CHANUKAH, and SESAME STREET STAYS UP LATE! A MONSTER NEW YEAR'S EVE PARTY.

---

<sup>17/</sup> More information on PTV, The Ready to Learn Service can be found at PTV Exhibits 2 and 12.

PBS also continued to offer popular programs for school-age children that entertain while at the same time reinforcing concrete educational skills. These programs include READING RAINBOW, WISHBONE, BILL NYE THE SCIENCE GUY, THE MAGIC SCHOOL BUS, and NEWTON'S APPLE. Many of these programs have educational resource materials that can be used by teachers as an extension of work done in the classroom.

Included as PTV Exhibit 7 is a videotape with a preview of PBS children's programming for the 1996 season, which I plan to show during my testimony. The spots on the tape demonstrate why households with young children are likely to consider public television signals a uniquely valuable part of their programming mix. A summary of some of the major highlights of PBS's programming for children is included at PTV Exhibit 5.

**B. Future PBS Children's Programming Initiatives**

PBS children's programming is likely to become even more valuable in the future years covered by this proceeding. Within the next year, PBS will launch a second wave of its highly touted, tremendously successful Children's Initiative, which was first introduced in 1992. One highlight of the programming in the new initiative is the increased use of animation -- PBS will offer member stations and viewers several animated children's series to fulfill the longstanding PTV objective of offering children exciting programming that educates and entertains at the same time. The 1996 schedule

already reflects some of the innovative new children's programming that will be part of the 1997 launch of Children's Initiative II. Those programs include:

- ADVENTURES FROM THE BOOK OF VIRTUES: This animated series based on the best-selling anthology by William J. Bennett is designed to be watched by the entire family. It features time-honored stories that have been told to children for generations, as well as a cast of children and talking animals.
- KRATTS' CREATURES: This wildlife series uses wildlife filmmaking (swimming with sharks, camping with baboons), creative animation, and humorous dialogue to excite elementary and middle school children about nature both in the world's jungles, forests and oceans, and in their own backyards.
- ARTHUR: This daily animated series features Arthur Read, the aardvark who is the hero of Marc Brown's *Arthur* books for young readers. The series shows how Arthur and his friends use effective, age-appropriate problem-solving skills to address issues such as facing down a bully, meeting a new teacher, or being the last person to lose baby teeth. The series also promotes reading and writing skills and has an accompanying outreach campaign for teachers and librarians.
- WHERE IN TIME IS CARMEN SANDIEGO?: This new game show for children ages 6-12 features master criminal Carmen Sandiego and her gang moving through time to steal key historical objects in episodes that explore historical themes as well as geography. Extensive free outreach materials are also available to reinforce the history and geography lessons learned from the series.

6. Measures that Demonstrate the Value of Public Television Programming

Efforts to measure the fair market value of public television programming have to take into account the unique mission and attributes of public television. The usual measures used to quantify success in the commercial television marketplace, such as ratings, cannot be applied to public television signals as if they were just another set

of commercial signals. There are, however, a number of quantifiable indicators of the value of public television. Taken together, they confirm the reasons already discussed as to why the marketplace value of public television is far higher than rates now paid by satellite carriers to retransmit public television signals.

**A. Voluntary Contributions by Public Television Viewers Show the Avidity of Their Interest in Public Television Programming**

One objective measure of the value of public television programming to viewers is the substantial voluntary contributions made by public television viewers across the country. The largest single source of funding for public television is the voluntary contributions made by these viewers who choose to pay to support a television service that they are able to receive for free.<sup>18/</sup> In FY 1995, 4.9 million households nationwide made voluntary contributions to public television. These contributions amounted to around \$312 million in the aggregate, for an average contribution of about \$63 per contributing household.

The 1995 average voluntary contribution, when broken down into an amount paid per month, suggests that in 1995 a significant number of viewers willingly paid the equivalent of \$5.25 per month to support a public television signal. While this figure cannot be translated directly into an appropriate monthly fee per satellite subscriber, the fact that public television viewers across the country are willing to make

---

<sup>18/</sup> By way of comparison, public television raises more money in voluntary contributions from subscribers than it receives in federal support from the Corporation for Public Broadcasting.



voluntary contributions in these quantities is powerful evidence of their avid interest in our programming. By its very nature, much of our programming is not designed to attract large nationwide viewing audiences. Instead, we attract a highly loyal viewership that places great value on different programming "niches." That is manifest in the willingness of so many viewers to make contributions for something that they are, of course, able to watch for free.

**B.     Estimated License Fees Demonstrate the  
Value of Public Television Signals**

One industry estimate of the value of public television signals expressed in terms of cable license fees illustrates, by analogy, that the monthly 6¢/subscriber rate being paid for public television signals is significantly below their fair market value. In April 1993, Norman Hecht Research, Inc. prepared a study on behalf of the National Association of Broadcasters to look at the potential license fees that broadcast stations could expect from cable operators. The study surveyed 385 cable subscribers in two large Form 3 cable systems and asked them to allocate a portion of their monthly cable bill to the categories of broadcast programming included on those cable systems.

The cable subscribers placed a value of \$2.28 on the first public television signal on the system. In April 1993, Paul Kagan Associates, Inc. estimated the "license fees" that broadcasters could be expected to charge based on the preferences expressed

by cable subscribers.<sup>19/</sup> The Kagan study concluded that the estimated license fee for the first public television signal on a cable system was 24 cents per subscriber per month. Satellite subscribers in white areas are by definition unable to obtain a local public television signal, and cannot have subscribed to cable within the last six months, so they should all be receiving their first public television signal by satellite retransmission.

The 24 cent license fee for the first public television signal can be adjusted to reflect the rate of increase in license fees since 1993, and the projected rate of increase for 1996-99, in order to derive estimated license fees for PTV signals for the years 1997 to 1999. According to data from Paul Kagan Associates, cable license fees per subscriber per month have increased in each year since 1993. If the increase in the license fees for PTV signals is projected based on the average increase for basic cable networks, the current monthly license fee for the first public television signal would be 30 cents.<sup>20/</sup> Using this assumption, the license fee for the first public television signal would be 31 cents in 1997, 33 cents in 1998, and 34 cents in 1999. The yearly progression of public television license fees is shown in the following chart:

---

<sup>19/</sup> See Paul Kagan Associates, Inc., Cable TV Programming, April 30, 1993, at p. 2.

<sup>20/</sup> See Paul Kagan Associates, Inc., Cable TV Programming, September 30, 1995, at p. 2.

Year	1993	1994	1995	1996	1997	1998	1999
Annual Growth in Average License Fees Per Subscriber Per Month	--	9.2	7.6	6.4	4.7	4.6	4.7
Estimated License Fee Per Subscriber Per Month	24	26	28	30	31	33	34

This license fee projection demonstrates by analogy that the fair market value of public television is far above the royalty fee currently being paid by satellite carriers.

**C. Widespread Critical Acclaim Demonstrates the Value of Public Television Programming**

Another measure of the value of public television programming is the widespread critical acclaim that our programming receives on a consistent basis. Public television's widely-recognized programming offers a valuable opportunity to satellite carriers who can offer that programming to their subscribers, and to the subscribers who thus have access to important, acclaimed programming events. A satellite carrier that could not offer public television programming as part of its program mix would be denying its viewers the most highly-recommended programming on television today.

The television industry has long recognized the uniquely high quality of public television programming -- public television is consistently awarded numerous industry awards. And television critics consistently recommend public television programs as worth watching. Satellite subscribers would undoubtedly place substantial value on the opportunity to have access to programming that is so widely acclaimed.

Conversely, a satellite carrier that did not offer the most highly touted programming in television would, quite clearly, be offering subscribers a deficient slate of programming. This is a strong reinforcement of the value of PTV programming to satellite operators and subscribers.

In 1996, PBS won 9 of the 33 coveted Peabody Awards -- more than any of the commercial networks. PBS also won 5 duPont-Columbia awards in 1994 and again in 1995. These two awards are considered among the most prestigious that the television industry has to offer. PBS also wins a significant share of the well-known Emmy awards. In both 1994 and 1995, PBS once again garnered the most Emmys for children's programming. SESAME STREET has won more daytime Emmy awards than any other television show in history. In 1995, PBS programs received 18 prime time Emmy nominations, 3 prime time Emmys, 29 news and documentary Emmy nominations, 11 Emmy awards for news and documentaries, 40 daytime Emmy nominations, and 9 daytime Emmy awards. Additional information on the numerous awards won by public television is found at PTV Exhibits 14 and 15.

Reviews and recommendations from television critics reinforce the point that PBS programming is widely recognized as offering innovative, important programming that is simply different in kind from the offerings of commercial television. PTV Exhibits 17 and 18 include compilations of just a few of the many enthusiastic reviews given to public television programs in recent years.

**D. Public Television Creates Value by Devoting Significant Resources to Program Development**

As noted earlier in my testimony, PBS offers its member stations around 1,600 hours of original, first-run programming each year. This is a terribly expensive proposition. In FY 1995, total programming and production expenditures for the PBS system, including local station-produced programming, were about \$674 million. The budget for the programming provided through the NPS alone was approximately \$310.5 million.

One of the unique attributes of public television is the amount of money spent on program research, particularly for the large volume of non-fiction documentary and public interest programming carried on public television each year. This programming often requires years of exhaustive, expensive research and background work to ensure the rich detail and authenticity that are hallmarks of our service.

For example, PBS has committed \$8 million to the production of 20 episodes of a series entitled THE LIVING EDENS that will capture on film the few places on our planet that are so ecologically pure they have become rare and precious reminders of how all the world once looked. This is in addition to more than \$7.5 million in annual support for the award-winning NOVA series that explores all facets of science and engineering.

PBS's annual investment in news and public affairs now approaches more than \$25 million annually, reflecting principally its support of THE NEWSHOUR WITH

JIM LEHRER and FRONTLINE. We also recently committed \$3 million to the production of two new projects by Ken Burns: a series of individual documentaries about Americans like Thomas Jefferson who shaped our nation, and JAZZ, the next major Ken Burns series, which will explore this quintessentially American musical legacy. These commitments demonstrate the years of time and investment PBS devotes to program production -- for instance, JAZZ will not be featured in the schedule until the year 2000.

Public television is under continuous, unrelenting pressure to provide funds for program development and acquisition. The public television system is highly interdependent, and each source of revenue is vital to the well-being of the system as a whole.<sup>21/</sup> Although many of our program producers spend an extraordinary amount of time and effort to obtain funding for new projects, they often would not be able to develop new programming without a commitment in advance from public television for at least partial financial support. We depend on revenue from sources like royalty fees for satellite retransmission to continue to develop new, high-quality programming to entertain and educate viewers all across America.

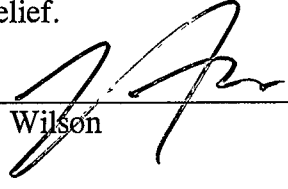
---

<sup>21/</sup> The diagram at PTV Exhibit 19 provides an illustration of the interdependence of public television funding mechanisms.

CONCLUSION

The unique diversity and depth of public television programming demonstrate the tremendous value that it offers to satellite carriers and their subscribers. The rates now paid by satellite carriers to retransmit public television signals are far too low, and do not fairly reflect the value that satellite operators receive or satellite subscribers perceive through such retransmissions. PTV programming is substantially more value to satellite operators than many of the cable networks, and should be compensated accordingly.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
John Wilson

Executed this 2nd day of December, 1996.