receivers or the system operator's transmission of its own digital video programming? Given the complex economic and technical interrelationships between broadcasters and cable operators during this transitional period, are there market mechanisms that can be incorporated into the rules to facilitate cooperation?

V. Third Notice of Inquiry

65. Over 400 MHz of spectrum in the VHF and UHF bands is currently allocated to television broadcasting. As part of our long-term plans to promote spectrum efficiency, we are considering reducing the amount of spectrum allocated television broadcasting which, as explained above, could be accomplished in the digital environment without reducing the number of broadcasters in any market due to the inherent efficiencies of the proposed digital system. If we were to readjust channel assignments, we would need to know where in current broadcast spectrum broadcasters would eventually be located. Although we previously preliminarily viewed UHF as the part of the spectrum to which all television broadcasting would be moved, we now question the tentative conclusion. Accordingly, at this time, we ask parties to comment on the best place for broadcasting. Specifically, we seek comment on which parts of the VHF and UHF bands are most highly valued for broadcast use (e.g., VHF, lower UHF, middle UHF, upper UHF) We also request commenters to identify the costs associated with placing television broadcasting in each of the four possible locations.

66. Today, TV broadcasters have over 400 MHz assigned to them, but because of interference and market forces, on average only 80 MHz is used per market. In the top markets, around 120 MHz is used. Digital broadcasting will allow much more efficient and intensive use of this spectrum. During the transition period, however, digital TV stations must operate alongside NTSC stations. The digital TV system will enable us to authorize these stations under controlled circumstances (each channel will be available only at certain locations with limits on radiated power and effective antenna height) to minimize interference to NTSC and digital TV service. While these digital stations allow for the development of many new broadcast services, they would be of limited value for other users because they generally would not occupy a contiguous block of channels, there would be no common nationwide channels, and their use would be restricted by the need to avoid

interference with NTSC analog television sets. When the transition to digital is completed, however, and the analog NTSC stations are turned off, we have an opportunity to create contiguous blocks of spectrum nationwide. Some or all of this spectrum could be allocated and auctioned. We ask commenters to provide estimates of the total amount of contiguous spectrum blocks that could be created following recovery of the NTSC channels. We also seek estimates of the total market value of these contiguous blocks of spectrum. What services would be most efficiently provided using contiguous blocks of spectrum? We request that commenters explain the methodology and analysis used to derive estimates of the amount and value of contiguous spectrum. In addition to the broadcast industry, we solicit comment from other industries (e.g. land mobile and computer) that may have an interest in providing services using these blocks of spectrum.

Administrative Matters

67. Pursuant to applicable procedures set forth in Sections 1.415 and 1.419 of the Commission's Rules, 47 CFR 1.415 and 1.419, interested parties may file comments on or before April 17, 1995, and reply comments on or before May 17, 1995. All relevant and timely comments will be considered by the Commission before final action is taken in this proceeding. To file formally in the proceeding, you must file an original plus four copies of all comments, reply comments, and support comments. If you want each Commissioner to receive a personal copy of your comments you must file an original plus nine copies. You should send comments and reply comments to Office of the Secretary, Federal Communications Commission, Washington, DC 20554. Comments and reply comments will be available for public inspection during regular business hours in the FCC Reference Center (Room 239), 1919 M Street, NW., Washington, DC 20554.

68. This is a non-restricted notice and comment rulemaking proceeding. *Ex parte* presentations are permitted, except during the Sunshine Agenda period, provided they are disclosed as provided in the Commission Rules. See generally 47 CFR 1.1202, 1.1203, and 1.1206(a).

Initial Regulatory Flexibility Analysis

I. Reason for Action

69. The Commission seeks comment not only on a variety of new issues central to the development of advanced television service in the United States,

but on several of the tentative decisions made earlier in this proceeding because of the rapidly changing nature of digital television. Advanced television, at the time this proceeding was initiated was envisioned primarily as a system for improving higher picture and sound quality, limited to transmitting/ receiving a single channel of television. The emergence of digital technology with its extensive flexibility and the approach of the National Information Infrastructure require that the Commission review the issues surrounding high definition television from a new, more expansive perspective.

II. Objectives of the Action

70. The Fourth Further Notice of Proposed Rulemaking portion of this decision solicits comment on a variety of issues, several of which are being revisited, in order to establish an accurate, comprehensive, reliable record on which to base the Commission's ultimate decisions in this proceeding. The record established from comments filed in response to this decision, as well as other Commission decisions, and the combined efforts of the Commission, the affected industries, the Advisory Committee on Advanced Television Service, and ATV testing process, will lead to implementation of ATV in the most harmonious fashion and to selection of the most desirable ATV system.

III. Legal Basis

71. Authority for this action may be found at 47 U.S.C. 154 and 303.

IV. Reporting, Recordkeeping and Other Compliance Requirements

72. Such requirements are not proposed in this phase of the proceeding, but may be raised and comment sought in future decisions in this proceeding.

V. Federal Rues Which Overlap, Duplicate or Conflict With These Rules

73. There are no rules which would overlap, duplicate, or conflict with these rules.

VI. Description, Potential Impact and Number of Small Entities Involved

74. There are approximately 1,539 UHF and VHF, commercial and educational television stations, 2,509 UHF translator stations, 2,261 VHF translator stations, and 1,648 UHF and VHF low power television stations which would be affected by decisions reached in this proceeding. The impact of actions taken in this proceeding on small entities would ultimately depend