



Jeffrey Schnur
Director – Business Development

September 22, 2006

Milton Brown
Office of the Chief Counsel
National Telecommunications and Information Administration
1401 Constitution Ave., Room 4713
Washington, DC 20230

Re: Solix's Comments on NTIA's Notice of Proposed Rules to Implement and Administer a Coupon Program for Digital-to-Analog Converter Boxes, Docket Number 060512129-6129-01, RIN 0660-AA16.

Dear Mr. Brown:

Solix respectfully submits the following comments in response to the above-referenced Notice of Proposed Rules.

NPRM Section II.A – Should NTIA consider economic need in the eligibility requirements for coupons? If so, how should "economic need" be determined? Should we propose a rule to make coupons available only to households with an income based on a poverty threshold . . . or some other income level . . . ?

Inasmuch as the coupon program is intended to help consumers afford to purchase digital-to-analog converter boxes that will allow them to continue receiving over-the-air television broadcast signals, and considering that budget limitations may prevent NTIA from accommodating every otherwise-eligible household, it would be reasonable for the agency to consider economic need in establishing eligibility requirements. For all practical purposes, economic need should be determined by level of household income as verified by W-2 forms, tax returns, and pay stubs and/or similar documents. Recent tax returns are preferable for this purpose because they cover a full year; include most forms

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of income, both earned and unearned; and often include income for all household members. Telephone tax filers and applicants who are not required to file their taxes, however, would need to provide other documentation for this purpose.

Alternatively, NTIA could establish economic need by requiring coupon applicants to document participation in another income-tested public benefit program, such as Food Stamps, Medicaid, or SSI; however, income eligibility levels differ from state to state for some programs, and may differ from the level desired for the coupon program. Furthermore, some individuals in low-income households may have elected not to participate in these programs. NTIA could avoid these problems by requiring applicants to either document the participation of a household member in specific qualifying programs, or provide income documentation for the household.¹

With regard to public benefit programs, if electronic records containing lists of participants in income-tested public benefit programs become available to NTIA, the agency should consider using an automated process to match these records to applicants' names and addresses for program eligibility.

NPRM Section II.A - Are there other factors NTIA should consider in distributing coupons if the number of requests exceeds the number of coupons available? On the other hand, if the demand for coupons is low, should NTIA consider expanding its eligibility requirements?

According to Consumers Union and Consumer Federation of America, over-the-air-only households in the U.S. own over 35 million television sets,² an estimate which suggests that \$1.4 billion in coupons may be required to accommodate all eligible households, far more than the \$890 million in coupons authorized by the Deficit Reduction Act of 2005, and absent a request and approval for additional funding.

NTIA could avoid the problems associated with unpredictable demand for converter box coupons by establishing an income eligibility threshold *at the conclusion*

¹ Texas, California, and other states have established both program and income eligibility standards for their Lifeline programs, which provide telephone service discounts to low-income households.

² Consumers Union press release, "3 Out of 10 Households Could be Forced to Pay for the Digital Television Transition, New Survey Says," June 29, 2005.

of a 2- to 3-month application period. At that time, the agency could use the number of coupons requested to calculate an income eligibility threshold that conforms to the program budget. NTIA could then decide whether to request additional funding.

NTIA may also consider establishing a very low income eligibility threshold (e.g., 100% of the federal poverty level) that would guarantee coupons to otherwise-eligible applicants. NTIA could subsequently adjust the threshold upward once the application deadline passes and the demand for coupons becomes evident.

NPRM Section II.B - NTIA proposes to permit [only] the even exchange for another certified converter box in the event of defective or malfunctioning equipment.

Solix agrees with NTIA's proposal, which will help maintain the integrity of the coupon program.

NPRM Section II.D - We seek comment on the proposed [coupon expiration] rule and also on whether other options for addressing the expiration requirement are available.

Solix proposes that NTIA put a mechanism in place at the point of purchase that will immediately record coupon use at the time of redemption. Such mechanism will facilitate enforcement of the coupon expiration rule.

NPRM Section II.F - NTIA proposes to reimburse retailers within 60 days after receiving sales information related to converter boxes purchased with coupons.

Solix proposes that NTIA use existing technology to put in place a system and procedures that will reimburse retailers within seven days after receiving sales information, thereby helping to attract more retailers to the program and minimizing opportunities for fraud and abuse.

Solix thanks NTIA for the opportunity to offer these comments.

Sincerely,

A handwritten signature in black ink, consisting of several stylized, overlapping loops and lines, positioned below the word "Sincerely,".