**BEST BUY™**

September 25, 2006

Mr. Milton Brown  
Office of the Chief Counsel  
National Telecommunications and Information Agency  
U.S. Department of Commerce  
1401 Constitution Avenue, N.W.  
Room 4713  
Washington, DC 20230

**VIA FACSIMILE (202) 501-8013**  
**VIA E-MAIL coupon@ntia.doc.gov**

Mr. Brown:

Best Buy Co., Inc. is pleased to submit comments to the National Telecommunication and Information Agency (NTIA) regarding its Notice of Proposed Rulemaking (NPRM)<sup>1</sup> on implementation of the digital-to-analog converter box coupon program pursuant to the Digital Television Transition and Public Safety Act of 2005 (the Act).<sup>2</sup>

We thank the NTIA for the opportunity to comment and appreciate its efforts to ensure free, over-the-air broadcasts remain available to U.S. Households without digital televisions after the transition.

## **I. BACKGROUND**

The Act requires broadcasters in the United States to transition from analog to digital-only broadcasting by February 18, 2009. Consumers without digital televisions, satellite or cable subscriptions will be required to have a Digital Television Adapter (DTA) converter box to continue to receive over-the-air television programming on an analog television. The NTIA proposes to implement and administer a \$40 coupon subsidy program (coupon program) for consumers to use towards the purchase of a digital-to-analog converter box.<sup>3</sup>

Best Buy is one of the nation's leading retailers of technology and entertainment products and services. We reach an estimated 300 million consumers per year in 48 states through nearly 780 retail stores and online at [www.bestbuy.com](http://www.bestbuy.com). Best Buy expects to be one of the top retail destinations for DTA converter boxes, and therefore, has great interest in the design and implementation of the federal government's coupon subsidy program for the transition.

Best Buy is a member of consumer electronics (CE) trade organizations, including the Consumer Electronics Retailers Coalition and the Consumer Electronics Association, who are also expected to submit comments in this proceeding on behalf of the CE industry.

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<sup>1</sup> 47 CFR Chapter 3; Docket Number: 060512129-6129-01; RIN 0660-AA16. *Request for Comment and Notice of Proposed Rules to Implement and Administer a Coupon Program for Digital-to-Analog Converter Boxes.*

<sup>2</sup> Enacted in Title III of the Deficit Reduction Act of 2005, Pub. L. 109-171.

<sup>3</sup> Mandated by Congress in the Act.



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NTIA's notice on the proposed rules invites comments on issues related to the coupon program including:

- A. Which U.S. households should receive the coupons to help purchase a digital converter box;
- B. Restrictions for the coupons;
- C. The application process;
- D. Expiration of coupons;
- E. Standard manufacturing specifications for the converter box;
- F. A coupon distribution system that will avoid waste, fraud and abuse; and,
- G. Consumer education.

## **II. SPECIFIC COMMENTS ON PROPOSED RULES**

### **A. Eligible U.S. Households**

Best Buy has no specific comment on the eligibility criteria for U.S. Households requesting subsidy coupons. We rely on NTIA to clearly establish and identify eligibility factors for consumers pursuant to the goals of the Act. Participating retailers should not be required to enforce the eligibility criteria, including but not limited to, the inquiry and/or collection of personal or household information of the consumer presenting coupon(s) at point-of-sale (POS).

### **B. Coupon Value and Use Restrictions**

In concept, Best Buy supports a coupon system that utilizes an electronic coupon card (ECC) as suggested by NTIA. We believe compared to paper coupons, ECCs may provide the most efficient means of processing, tracking, auditing and payment. They also may provide significant advantages over paper coupons with respect to preventing fraud and abuse – a major concern of the NTIA.

Best Buy has experience processing electronic transactions of many payment types including credit, debit/PIN-based and gift cards. However, our current electronic processing systems are not able to limit an ECC to a single product purchase. It is important to note that ECCs may require significant upfront costs for participating retailers including payment processing software, POS programming, payment processing and bank fees and employee training. Since it is not yet known if any vendor(s) have proposed electronic processing platform(s) for ECCs, we respectfully request the opportunity to evaluate proposals that are submitted to NTIA and be given an opportunity to comment on their operational feasibility in more detail.

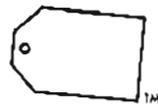
It is also important that to the extent possible, the NTIA and its vendor(s) avoid the holiday months of October, November, December and January to require participating retailers to implement or upgrade any POS systems for the processing of ECCs. This season includes the heaviest shopping traffic and volume of transactions of the year. We can not risk any costly "down time" of our systems or employees caused by complicated upgrades during this time.

### **C. Application Process**

Best Buy has no specific comment on the consumer application or certification process or the method(s) by which consumers retrieve, complete and submit them.

### **D. Coupon Expiration**

Best Buy agrees with NTIA's proposal to print the expiration date clearly on each coupon (in the case of an ECC, Best Buy recommends encoding it with the expiration date to electronically prevent the coupon from being tendered beyond the expiration date). We



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believe it is prudent for NTIA to calculate a reasonable delivery time in determining issuance of the coupon and the expiration date.<sup>4</sup>

### **E. Digital-to-Analog Converter Box**

The Act defines a digital-to-analog converter box as a “stand-alone device that does not contain features or functions except those necessary to enable a consumer to convert any channel broadcast in the digital television service into a format that consumers can display on television receivers designed to receive and display signals only in the analog television service, but may also contain a remote control device.”<sup>5</sup>

In accordance with the Act and to control the cost of the converter box, Best Buy believes it should only contain the minimum features and capabilities necessary to convert a digital signal (in standard or high definition broadcast) to an analog signal and properly display the picture (standard definition) and sound on a television.<sup>6</sup> NTIA may also consider certifying converter boxes manufactured with additional features and benefits where consumers choose to pay the additional cost for those options.

While it is reasonable to expect participating retailers to inform consumers on which converters boxes are eligible for the coupon subsidy, they should not be legally required to invest in displays, placards or advertisements. Retailers should be allowed flexibility to incorporate the list of eligible converters into existing consumer education and communications plans and materials at their own discretion. At minimum, NTIA should make available a list of eligible converters for consumers to be mailed with the coupon and published online. Another option is to print a specific logo on the converter box or its packaging identifying the box as certified by the NTIA.

Best Buy suggests using Underwriters Laboratories (UL) as a possible testing/certification entity.

### **F. Retailer Certification**

Best Buy agrees with NTIA that any participation by a retailer must be on a voluntary basis where the participating retailer has “established production and distribution channels and who have demonstrated that they can redeem coupons expeditiously and efficiently.” However, we disagree with NTIA’s proposal to not compensate retailers who choose to participate. When allocating resources, NTIA must recognize that participating retailers may have to make significant investments in payment processing and POS upgrades, employee training and consumer education materials. Given the unique market characteristics for converter boxes, it may be difficult to ever recoup those costs.<sup>7</sup> We believe NTIA can encourage participation by helping offset costs for retailers. For example, NTIA should include any costs associated with POS hardware/software upgrades, fees and distribution to retailers in its contracts with vendors.<sup>8</sup>

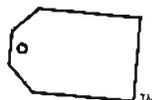
<sup>4</sup> The Act requires all coupons to expire three months after issuance. Sec. 3005(c)(1)(C), Page 120 Stat. 23.

<sup>5</sup> Section 3005(d), Page 120 Stat. 24.

<sup>6</sup> Best Buy defers to the Consumer Electronics Association to propose the minimum technical specifications of converter boxes as cited by NTIA in its NPRM for this proceeding.

<sup>7</sup> The coupon program applies to a single product, available for sale for a limited time with a fixed dollar subsidy, where traditional supply and demand market forces are difficult to estimate.

<sup>8</sup> The Act authorizes the Assistant Secretary to expend up to \$100,000,000 for administrative expenses of the program. Sec. 3005(c)(2), Page 120 Stat. 23.



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Best Buy agrees with NTIA that consumers should not be able return a converter box to a retailer for a cash refund or credit towards the purchase of non-subsidized item.<sup>9</sup> These terms and conditions should be clearly printed on the coupon by NTIA. Consumers may be allowed to return or exchange a defective converter box for a certified box of the same model or value pursuant to the manufacturer's warranty and/or the retailer's returns and exchange policy.<sup>10</sup>

### **G. Consumer Education**

Best Buy believes consumer education is one of the most important components of the coupon program. It will continue to require a coordinated public and private sector effort to deliver a clear and consistent message to consumers about the transition. We urge NTIA to take advantage of the \$5,000,000 Congress has made available for consumer education in the Act.<sup>11</sup> To ensure efficient use of resources, Best Buy also recommends NTIA coordinate with other public sector entities including the Public Broadcast Service and Federal Communications Commission to promote the coupon program and educate consumers. NTIA should also maintain a Web site that retailers and consumers can link to and browse for current information about the transition and coupon program.

Best Buy is committed to educating consumers through the transition. Since early 2006 we have provided in-store and online signage, brochures and FAQs regarding the transition to digital television broadcasting.<sup>12</sup> Best Buy also has invested significant resources into retail training of employees about the transition. We pledge to continue to help educate consumers through the transition.

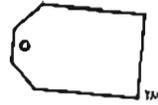
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<sup>9</sup> Best Buy anticipates that consumers would expect a cash refund or store credit for any amount paid over the coupon subsidy of \$40 from participating retailers.

<sup>10</sup> Consumers should be expected to pay the difference in the retail price if exchanging a certified converter box for a more expensive certified model (greater than the \$40 subsidy price).

<sup>11</sup> Section 3005(c)(2)(A), Page 120 Stat. 23.

<sup>12</sup> Materials include: "What you need to know about the February 17, 2009 'DTV Transition'" (Published by the Consumer Electronics Retailers Coalition); and, "Buying a Digital Television" (the official Federal Communication Commission tip sheet).

**BEST BUY™****IV. CONCLUSION**

Congress and the NTIA have a tremendous challenge ahead with the transition from analog to digital-only television. Best Buy applauds the NTIA and its work to successfully plan for the transition and solicit feedback from retailers who are on the front lines with consumers. We understand we play a key role in educating consumers and providing the technology solutions that fit their needs. Admittedly, more details of the program are needed to properly evaluate our participation level in the program. Best Buy hopes the NTIA will continue to seek our retailing expertise and we look forward to providing further comments as the coupon program evolves. Thank you again for the opportunity to express these initial comments and concerns.

Respectfully submitted,

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