



UNITED STATES DEPARTMENT OF COMMERCE
National Telecommunications and
Information Administration
Washington, D.C. 20230

The Honorable John D. Dingell
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

JUL 18 2008

Dear Chairman Dingell:

In accordance with your March 5, 2008 letter, I am pleased to provide you with updated information regarding whether additional funds will be needed for the TV Converter Box Coupon Program (Coupon Program) administered by the National Telecommunications and Information Administration (NTIA). As you know, Section 3005 of the Deficit Reduction Act of 2005 set aside \$1.5 billion for the Coupon Program and designated up to \$1.34 billion to distribute up to 33.5 million coupons, up to two per eligible household, each coupon valued at \$40. NTIA believes that the \$1.5 billion authorized under the Deficit Reduction Act of 2005 is sufficient to accommodate coupon requests for all eligible households and does not intend to request any additional funding for the Coupon Program. As discussed below, NTIA is exploring options to accommodate potential increases to administrative costs within this sum.

As of July 16, 2008, NTIA has accepted more than 10.9 million requests from households for more than 20.5 million coupons, of which 19.1 million have been mailed. This represents 77 percent of the base coupon funds of \$890 million and 51 percent of the \$1.34 billion total appropriated coupon funds, which were made fully available to the program on June 24, 2008. Coupon requests continue to average approximately 105,000 per day. The first coupons were mailed on February 21, 2008, so data is available for the first eight weeks relating to coupons that have completed the 90-day "life cycle" – *i.e.*, the coupon has either been redeemed or has expired. Of those coupons mailed during the first eight weeks, 44.4 percent have been redeemed.


When a coupon is issued, NTIA sets aside, or obligates, the funding for the \$40 value of the issued coupon. If a coupon is not redeemed within the statutory 90-day expiration period, the funding associated with that coupon is de-obligated, thereby becoming available to cover the value of another coupon. Assuming redemption rates remain consistent, as well as an increase in coupon demand around the holiday season, we estimate that our current system processing capability could enable us to distribute approximately 17 million additional coupons through March 31, 2009, which would increase the total number of coupons distributed from 33.5 million to over 50 million. NTIA is exploring options, and is exercising its rights under its contract with IBM, to accommodate the incremental administrative expenses associated with the issuance of these additional coupons to new applicants. NTIA's goal is to fulfill as many coupon requests as possible at the lowest cost and without changing coupon program messaging to consumers.

In response to consumer education, including public service announcements on television and pay services, the demand for TV Converter Box Coupons has been high, with an average of three million coupons ordered per month. NTIA is committed to ensuring that the Coupon Program can meet the high consumer demand for coupons.

On a related note, on June 11, 2008, NTIA began providing a Weekly Redemptions Report to retailers and the public. That report, a copy of which is enclosed (and available at <https://www.ntiadtv.gov/docs/WeeklyRedemptionsReport.pdf>), includes data on the numbers of coupons issued and redemption rates for all households and over-the-air households. In addition, NTIA is posting coupon request and redemption data broken out by state and by zip codes. All of this data is made available to assist retailers and manufacturers in meeting consumer demand.

NTIA appreciates the Committee's continued oversight of the Coupon Program and looks forward to working with you toward a successful and consumer-friendly DTV conversion.

Sincerely,


Meredith Attwell Baker *DTM*
Acting Assistant Secretary for
Communications and Information

Enclosures: Chart: *Weekly Status Report (as of July 16, 2008)*

Chart: *Weekly Redemptions Report (as of July 16, 2008)*

cc: The Honorable Joe Barton, Ranking Member
Committee on Energy and Commerce

The Honorable Cliff Stearns, Ranking Member
Subcommittee on Telecommunications and the Internet

PUBLIC INFORMATION

TV CONVERTER BOX COUPON PROGRAM

WEEKLY REDEMPTIONS REPORT *

Wednesday, July 16, 2008– 4:00PM EDT

*Data thru 7/15/08

- Red Boxes indicate complete data.
 - Blue boxes indicate minimum values.
- These may rise based on future redemptions.



Redemptions by Expiration Date

Coupons Issued Date - Week Ending	Coupons Expiring - Week Ending	Total Coupons Issued That Week	Total Redemptions (From Coupons Issued That Week)	Coupons Expired / Lost / Stolen (From Coupons Issued That Week)	Percent of Coupons Redeemed by Days From Issue Date				Cumulative Redemption Rate
					0-30	31-60	61-90	Total %	
									Total%
2/23/2008	5/23/2008	220,809	103,780	117,029	16.6%	10.7%	19.8%	47.0%	
3/1/2008	5/30/2008	619,157	246,639	372,518	13.2%	8.7%	18.0%	39.8%	
3/8/2008	6/6/2008	480,005	167,126	312,879	10.8%	7.4%	16.6%	34.8%	
3/15/2008	6/13/2008	479,981	197,910	282,071	13.1%	9.0%	19.2%	41.2%	
3/22/2008	6/20/2008	859,979	388,139	471,840	13.2%	10.9%	21.1%	45.1%	
3/29/2008	6/27/2008	1,289,878	602,388	687,490	13.3%	12.1%	21.2%	46.7%	
4/5/2008	7/4/2008	1,059,711	491,319	568,392	12.6%	11.2%	22.6%	46.4%	
4/12/2008	7/11/2008	1,031,076	482,232	548,844	13.2%	11.2%	22.5%	46.8%	44.4%
4/19/2008	7/18/2008	1,295,724	615,112	144,817	15.4%	13.2%	18.9%	47.5%	
4/26/2008	7/25/2008	1,247,132	512,536	106	15.5%	13.9%	11.7%	41.1%	
5/3/2008	8/1/2008	2,010,999	695,316	171	12.4%	14.8%	7.4%	34.6%	
5/10/2008	8/8/2008	1,910,421	536,266	101	10.4%	14.1%	3.6%	28.1%	
5/17/2008	8/15/2008	806,777	223,909	41	13.1%	14.3%	0.4%	27.8%	
5/24/2008	8/22/2008	449,789	118,861	14	14.6%	11.8%	0.0%	26.4%	
5/31/2008	8/29/2008	749,692	178,575	19	15.8%	8.0%	0.0%	23.8%	
6/7/2008	9/5/2008	749,949	145,189	18	15.2%	4.2%	0.0%	19.4%	
6/14/2008	9/12/2008	749,973	122,807	9	15.4%	1.0%	0.0%	16.4%	
6/21/2008	9/19/2008	732,575	92,784	4	12.7%	0.0%	0.0%	12.7%	
6/28/2008	9/26/2008	729,931	57,470	0	7.9%	0.0%	0.0%	7.9%	
7/5/2008	10/3/2008	749,994	11,815	0	1.6%	0.0%	0.0%	1.6%	

OTA Redemptions by Expiration Date

Coupons Issued Date - Week Ending	Coupons Expiring - Week Ending	Number of OTA-Reliant Households	OTA-Reliant Coupons Issued	OTA-Reliant Redemptions	OTA-Reliant Coupons Reported Lost / Stolen / Expired	Percent of OTA Coupons Redeemed by Days From Issue Date		Cumulative Redemption Rate
						Total %	Total%	
								Total%
2/23/2008	5/23/2008	52581	101,806	60,439	41,367	59.4%		
3/1/2008	5/30/2008	156450	294,302	149,541	144761	50.8%		
3/8/2008	6/6/2008	117261	225,034	103,222	121,812	45.9%		
3/15/2008	6/13/2008	116280	222,917	119,009	103,908	53.4%		
3/22/2008	6/20/2008	215461	411,505	228,195	183,310	55.5%		
3/29/2008	6/27/2008	324759	617,221	338,183	279,038	54.8%		
4/5/2008	7/4/2008	261637	495,734	264,159	231,575	53.3%		
4/12/2008	7/11/2008	251227	476,352	264,330	212,022	55.5%	53.7%	
4/19/2008	7/18/2008	335418	633,544	338,982	60,994	53.5%		
4/26/2008	7/25/2008	330684	623,020	286,097	38	45.9%		
5/3/2008	8/1/2008	552234	1,041,495	399,406	58	38.3%		
5/10/2008	8/8/2008	523515	988,411	307,982	42	31.2%		
5/17/2008	8/15/2008	222094	418,983	128,738	17	30.7%		
5/24/2008	8/22/2008	128602	242,520	70,339	8	29.0%		
5/31/2008	8/29/2008	210109	396,620	103,558	8	26.1%		
6/7/2008	9/5/2008	210639	398,074	84,645	6	21.3%		
6/14/2008	9/12/2008	211847	400,744	72,021	4	18.0%		
6/21/2008	9/19/2008	208827	394,973	55,031	2	13.9%		
6/28/2008	9/26/2008	205836	389,384	33,876	0	8.7%		
7/5/2008	10/3/2008	207997	393,389	6,751	0	1.7%		

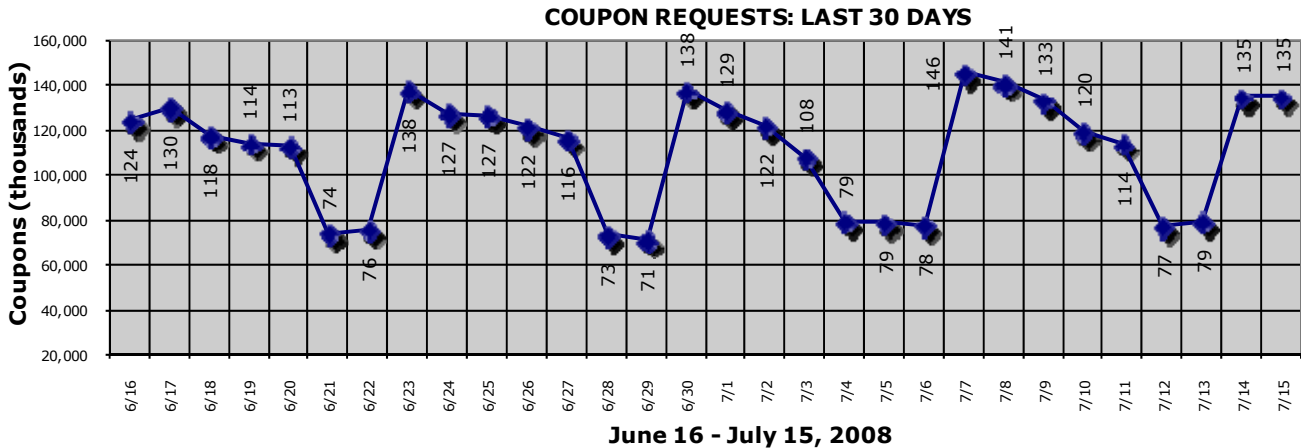
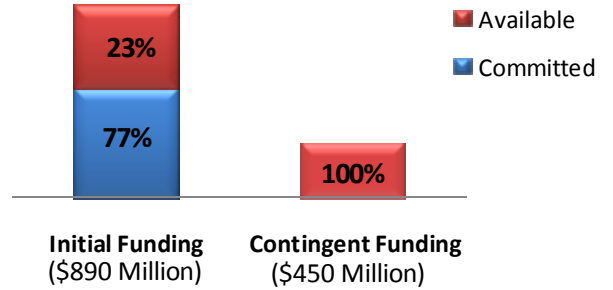
**TV CONVERTER BOX COUPON PROGRAM
WEEKLY STATUS UPDATE ***

Wednesday, July 16, 2008– 4:00PM EDT

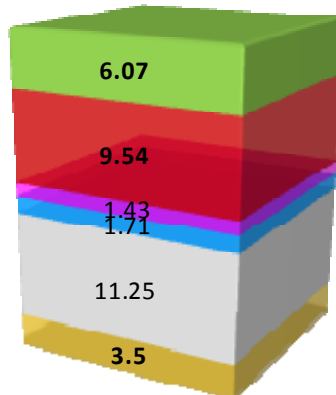


Households Approved	10,920,249
Coupons Requested	20,551,457
Coupons Mailed	19,123,741
Coupons Expired	3,503,060
Coupons Redeemed	6,077,237
Coupons Active	9,543,444
Funds Committed**	\$681,773,408
Initial Funds Available	\$208,226,592
Funds Settled	\$221,738,674
Average Daily Orders	104,322
Redemption Rate	44.4%
Retailers/Locations	2,360 / 26,512
Phone/Online Retailers	13 / 26
Converters/Pass-through	112 / 37
*Data thru 7/15/08	
**Includes redemptions <\$40	

**Total Coupon Funding
(\$1.34 Billion)**



- Coupons Redeemed
- Coupons Active
- Mail in Queue
- Unrequested Initial
- Unrequested Contingent
- Coupons Expired



**Coupon Status
Initial & Contingent
(33.5 Million)**