

## `SUPPORTING STATEMENT

**A. Justification.**

1 On December 13, 2011, the FCC released a Report & Order (“R&O”), FCC 11-182,<sup>1</sup> adopting rules to implement the Commercial Advertisement Loudness Mitigation (“CALM”) Act.<sup>2</sup> Among other things, the CALM Act directs the Commission to incorporate into its rules by reference and make mandatory a technical standard developed by an industry standard-setting body that is designed to prevent television commercial advertisements from being transmitted at louder volumes than the program material they accompany. Specifically, the CALM Act requires the Commission to incorporate by reference the Advanced Television Systems Committee (“ATSC”)<sup>3</sup> A/85 Recommended Practice (“ATSC A/85 RP”)<sup>4</sup> and make it mandatory “insofar as such recommended practice concerns the transmission of commercial advertisements by a television broadcast station, cable operator, or other multichannel video programming distributor.” As mandated by the statute, the rules will apply to TV broadcasters, cable operators and other multichannel video programming distributors (“MVPDs”).<sup>5</sup>

The rules are designed to protect viewers from excessively loud commercials and, at the same time, permit broadcasters and MVPDs to implement their obligations in a minimally burdensome manner. The rules require broadcast stations and MVPDs to ensure that all commercials are transmitted to consumers at the appropriate loudness level in accordance with the industry standard (*i.e.*, the ATSC A/85 RP). In the event of a pattern or trend of complaints, stations and MVPDs will be deemed in compliance with regard to their locally inserted commercials if they demonstrate that they use certain equipment in the ordinary course of business. For the embedded commercials that stations and MVPDs pass through from programmers, the rules also establish a “safe harbor” to demonstrate compliance through certifications and periodic testing. This regime will make compliance less burdensome for the industry while ensuring appropriate loudness for all commercials.

Note: The rules only require submissions to the FCC in response to an enforcement inquiry concerning a pattern or trend of consumer complaints about a loud commercial. Therefore, the

<sup>1</sup> See *Implementation of the Commercial Advertisement Loudness Mitigation (CALM) Act*; MB Docket No. 11-93; Report and Order, FCC 11-182 (rel. Dec. 13, 2011) (“Order”).

<sup>2</sup> The Commercial Advertisement Loudness Mitigation (“CALM”) Act, Pub. L. No. 111-311, 124 Stat. 3294 (2010) (codified at 47 U.S.C. § 621). The CALM Act was enacted on December 15, 2010 (S. 2847, 111th Cong.).

<sup>3</sup> The Advanced Television Systems Committee (“ATSC”) is an international, non-profit organization developing voluntary standards for digital television. The ATSC member organizations represent the broadcast, broadcast equipment, motion picture, consumer electronics, computer, cable, satellite, and semiconductor industries. ATSC creates and fosters implementation of voluntary Standards and Recommended Practices to advance digital television broadcasting and to facilitate interoperability with other media. See <http://www.atsc.org/aboutatsc.html>.

<sup>4</sup> See ATSC A/85: “ATSC Recommended Practice: Techniques for Establishing and Maintaining Audio Loudness for Digital Television,” (July 25, 2011). To obtain a copy of the RP, visit the ATSC website: [http://www.atsc.org/cms/standards/a\\_85-2011a.pdf](http://www.atsc.org/cms/standards/a_85-2011a.pdf).

<sup>5</sup> We refer herein to covered entities collectively as “stations/MVPDs” or “regulated entities.” A multichannel video program distributor is an entity such as, but not limited to, a cable operator, a multichannel multipoint distribution service, a direct broadcast satellite service, a television receive-only satellite program distributor, a satellite master antenna television system operator, that make available for purchase, by subscribers or customers, multiple channels of video programming.

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rules implicate the Paperwork Reduction Act of 1995 (“PRA”) only to the extent that they contain reporting, recordkeeping and/or third-party disclosure requirements that must have been performed by a station and/or MVPD in advance of an enforcement inquiry. To the extent that the rules contain information collection requirements that would not be performed until after the FCC initiates an official enforcement inquiry (investigation), such collections are exempt from the PRA (see 44 U.S.C. § 3518 and OMB rule 5 C.F.R. § 1320.4).

**73.682(e)(2)(ii) and 76.607(a)(2)(ii): (Recordkeeping Requirement).** With respect to commercial advertisements inserted into the program stream by stations or MVPDs, the station/MVPD must maintain records showing the consistent and ongoing use of ATSC A/85 RP compliant equipment in the regular course of business and demonstrating that the equipment has undergone commercially reasonable periodic maintenance and testing to ensure its continued proper operation. (For example, this may include retaining a sales purchase receipt for an ATSC A/85 RP compliant loudness meter and an equipment maintenance contract).

**73.682(e)(3)(i) and 76.607(a)(3)(i): (Third Party Disclosure Requirement).** With respect to embedded commercials, which a station or MVPD receives from an upstream programmer, a station or MVPD may demonstrate compliance by relying on a network’s or other programmer’s certification of compliance with the ATSC A/85 RP with respect to commercial programming, provided that the certification is widely available by website or other means to any television broadcast station, cable operator, or multichannel video programming distributor that transmits that programming. (Because the certification must state that all programming is ATSC A/85 RP compliant as of a certain date, this should be a one-time certification requirement).

**73.682(e)(3)(ii) and 76.607(a)(3)(ii): (Recordkeeping and Reporting Requirements).** With respect to embedded commercials for which there is no programmer certification of compliance with the ATSC A/85 RP, a (large) station<sup>6</sup> or (very large or large) MVPD<sup>7</sup>, as defined by the R&O, may demonstrate compliance by conducting annual spot checks of such non-certified programming to ensure compliance with the RP. Such annual “spot checks” contain two information collection requirements: **(1)** Keeping records from a loudness meter; see, e.g., 73.682(e)(3)(iv)(B). A “spot check” requires monitoring 24 uninterrupted hours of programming with an audio loudness meter employing the measurement technique specified in the RP, and reviewing the records from that monitoring to detect any commercials transmitted in violation of the RP.<sup>8</sup> **(2)** Station/MVPD must notify FCC and network or programmer if spot check shows

<sup>6</sup> For purposes of the rule, a “Large Television Station” is defined as one with more than \$14.0 million in annual receipts. We estimate that about 92 of the 1,390 commercial stations would qualify as “large” under this definition. See R&O FRFA at para 10.

<sup>7</sup> For purposes of the rule, a “Very Large MVPD” is defined as one with more than 10 million subscribers nationwide and a “Large MVPD” is defined as one serving more than 400,000 subscribers nationwide. We estimate that about 15 of the 1,165 cable operators/MVPDs would qualify as “very large” or “large” under this definition. See <http://www.ncta.com/Statistics.aspx> and <http://www.ncta.com/Stats/TopMSOs.aspx>.

<sup>8</sup> See R&O at para 38. We do not anticipate that a spot-check would require a person to monitor a channel in real-time. A possible procedure could be: 1) connect a loudness meter conforming to the RP to the output of a set-top box, measure the long-term loudness of all the elements of the soundtrack and log the loudness of content in 1 second intervals over a 24-hour period; 2) review the logs (which could be done with an automated process) to identify any potential violations of the RP (*i.e.*, the average measured loudness exceeds the target loudness by more than 2 dB for the duration of a commercial); and 3) ascertain whether those potential violations occurred during a

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any noncompliance and must notify FCC and network or programmer of results of follow-up spot check; see, e.g., 73.682(3)(iv)(E). Small stations and small MVPDs, as defined by the R&O, need not perform any annual spot checks.

**73.682(e)(4)(i) and 76.607(a)(4)(i): (Recordkeeping Requirement).** With respect to demonstrating compliance through the use of a real-time processor (as opposed to a loudness meter), a station or MVPD must maintain records showing the consistent and ongoing use of this equipment in the regular course of business and demonstrating that the equipment has undergone commercially reasonable periodic maintenance and testing to ensure its continued proper operation.

**73.682(e)(5) and 76.607(a)(5): (Third Party Disclosure Requirement).** Some stations and MVPDs may contract with a third party to handle sales of its available commercial time and encode/insert local commercials into program streams, rather than the station or MVPD handling this process itself. With respect to commercials locally inserted by a third-party agent, a station or MVPD may demonstrate compliance with the ATSC A/85 RP by relying on the third party local inserter’s certification of compliance.

**73.682(e)(6) and 76.607(a)(6): (Recordkeeping Requirement).** Instead of demonstrating compliance pursuant to the other rule provisions above, a station or MVPD may demonstrate actual compliance with the ATSC A/85 RP with regard to the commercial advertisements that are the subject of the inquiry, and certifying that its own transmission equipment is not at fault for any such pattern or trend of complaints. Demonstrating actual compliance would likely require a station/MVPD to set up a system for recording and storing its programming and having a technician review the programming that becomes the subject of an enforcement inquiry. Because the record in the proceeding indicates this method of demonstrating compliance would be very burdensome, we expect few, if any, stations/MVPDs to use this method.

This information collection does not affect individuals or households; thus, there are no impacts under the Privacy Act.

Statutory authority for this collection of information is contained in the Commercial Advertisement Loudness Mitigation Act of 2010, Pub. L. No. 111-311, 124 Stat. 3294, and Sections 1, 2(a), 4(i), and 303(r) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 152, 154(i) and (j), 303(r), and 621.

The Commission is seeking a three year extension from the Office of Management and Budget (OMB) for the information collection requirements contained in this collection.

2. The information will be used by FCC staff to evaluate whether a station/MVPD is in compliance with the rules concerning loud commercials.

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commercial (e.g., by reviewing a recording of the monitored content or obtaining from the programmer a log of the commercials for the day that was monitored).

3. These are reporting, recordkeeping and third party disclosure requirements. The use of information technology is permitted for these requirements.
4. This agency does not impose a similar information collection on the respondents. There are no similar data available.
5. This information collection will not have a significant economic impact on a substantial number of small entities/businesses.
6. This information collection is necessary for the Commission to determine compliance with the CALM Act. The CALM Act mandates that the Commission make the ATSC A/85 RP mandatory for all stations/MVPDs. See 47 U.S.C. § 621(a). If these information collection requirements were not conducted, the Commission would be unable to fulfill this statutory obligation. (The frequency for this collection of information is determined by respondents, as necessary.)
7. This information collection is consistent with the guidelines in 5 CFR 1320.5(d)(2).
8. The Commission published a Federal Register Notice (80 FR 8869) on February 19, 2015 seeking comments on the information collection requirements contained in this supporting statement. No comments have been received from the public.
9. The Commission does not propose to provide a payment or gift to any respondent.
10. There is no assurance of confidentiality provided to respondents.
11. This information collection does not address any private matters of a sensitive nature.
  
12. The public burden is estimated as follows:

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Type	Total Annual Respondents / Responses	Hourly Burden	Total Burden Hours	Hourly “In-House” Cost	Total Annual “In-House” Cost
<b>73.682(e)(2)(ii) and 76.607(a)(2)(ii)</b>					
<b>Recordkeeping Requirement</b>	2,000 total respondents <sup>9</sup> / 2,000 total responses	0.25 hours / response	500 hours	\$48.08/hour	\$24,040.00
<b>73.682(e)(3)(i) and 76.607(a)(3)(i)</b>					
<b>Network/Programmer Certifications</b>	250 total respondents/ 250 total certifications <sup>10</sup>	1 hour / response	250 hours	\$48.08/hour	\$12,020.00
<b>73.682(e)(3)(ii) and 76.607(a)(3)(ii)</b>					
<b>Annual Spot-Checks Recordkeeping (loudness meter monitoring records)</b>	107 total respondents <sup>11</sup> / 2,038 total responses <sup>12</sup>	2 hours / response	4,076 hours	\$48.08/hour	\$195,974.08
▪ 92 Respondents (Large TV Stations)	138 responses (channel spot checks) <sup>13</sup>		276 hours		\$13,270.08
▪ 4 Respondents (Very Large MVPDs)	800 responses (channel spot checks) <sup>14</sup>		1,600 hours		\$76,928.00
▪ 11 Respondents (Large MVPDs)	1,100 responses (channel spot checks) <sup>15</sup>		2,200 hours		\$105,776.00
<b>Notifications</b>	20 total respondents/ 20 total responses	0.50 hours / response	10 hours	\$48.08/hour	\$480.80
<b>73.682(e)(4)(i) and 76.607(a)(4)(i)</b>					
<b>Recordkeeping Requirement</b>	200 total respondents/ 200 total responses	0.25 hours / response	50 hours	\$48.08/hour	\$2,404.00

<sup>9</sup> Estimate assumes about 1,300 commercial TV stations and 700 cable/MVPD operators.

<sup>10</sup> Estimate assumes programmers of about 750 different network channels will make certifications of compliance with ATSC A/85 RP available to stations/MVPDs and that programmers will make their one-time certifications over a three-year period (250 responses annually).

<sup>11</sup> Estimate assumes about 92 commercial TV stations and 15 cable/MVPD operators.

<sup>12</sup> 138 responses (channel spot checks) + 800 responses (channel spot checks) + 1,100 responses (channel spot checks) = 2,038 responses.

<sup>13</sup> Estimate assumes that about 25% (23 stations) of the 92 TV stations will have 1-2 additional multicast channels on which to perform annual spot checks (92+23+23=138 channels).

<sup>14</sup> Estimate assumes that the 4 very large MVPDs will have up to 200 non-certified, ad-supported channels on which to perform annual spot checks (4 x 200 = 800 channels).

<sup>15</sup> Estimate assumes that the 11 large MVPDs will have up to 100 non-certified, ad-supported channels on which to perform annual spot checks (11 x 100 = 1,100 channels).

<b>73.682(e)(5) and 76.607(a)(5)</b>					
<b>Third Party Local Inserter Certification</b>	350 total respondents/ 350 total certifications	1 hour / response	350 hours	\$48.08/hour	\$16,828.00
<b>73.682(e)(6) and 76.607(a)(6)</b>					
<b>Recordkeeping Requirement</b>	10 total respondents 10 total responses	80 hours / response	800 hours	\$48.08/hour	\$38,464.00
<b>Totals:</b>	<b>2,937 total respondents / 4,868 total responses</b>		<b>6,036 hours</b>		<b>\$290,210.88</b>

- **Total Number of Respondents: 2,937 TV broadcasters, cable operators and MVPDs**
- **Total Number of Responses: 4,868 responses**
- **Total Annual Burden Hours: 6,036 hours**
- **Total Annual In-House Cost: \$290,210.88**
  
- We estimate that the respondent would have an average salary of \$100,000/year (\$48.08/hour). All estimates are based on Commission staff's knowledge and familiarity with the availability of the data required.

13. **Annual Cost Burden:**

- (a) Total annualized capital/startup costs: None.
- (b) Total annual costs (O&M): None.
- (c) Total annualized cost requested: None.

14. **Cost to the Federal Government:** None.

15. There are no program changes or adjustments to this collection.

16. The data will not be published.

17. OMB approval of the expiration of the information collection will be displayed at 47 C.F.R. § 0.408.

18. There are not exceptions to the Certification Statement.

**B. Collections of Information Employing Statistical Methods:**

**OMB Control Number: 3060-1171**

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The Commission does not anticipate that the collection of information will employ statistical methods.