

CONSTRUCTION PERMIT'S SORTED BY ADI NAME

CALL LETTERS	CITY OF LICENSE	STA. LIS. ADI NAME	ADI RANK	DATE ON AIR	DATE OFF AIR	CP DUE TO BEGIN	CP FILE CH#	CP GRANT NUMBER	CP GRANT DATE
71 WPJJ-TV	Jackson	MS Jackson, MS	88				51	87/01/21	89/12/26
72 WQHM	McComb	MS Jackson, MS	88				28	85/02/13	86/05/01
73 WPTJ	Johnstown	PA Johnstown-Altoona	89	53/10/15	90/05/13		19	84/02/16	84/03/30
74 KKFT	Fort Scott	KS Joplin, MO-Pittsburg, KS	149	91/03/01			20	87/03/31	88/03/01
75 WPMC	Jellico	TN Knoxville	64	91/03/01			54	88/07/28	88/11/30
76 WEUX	Chippewa Falls	WI La Crosse-Eau Claire	125				48	86/08/20	87/02/25
77 WHTV	Jackson	MI Lansing	107	91/01/31			18	90/02/23	90/08/30
78 CP	Morehead	KY Lexington	73				67	84/09/21	85/09/11
79 KTVG	Grand Island	NE Lincoln-Hastings-Kearney	98	91/08/01		87/06/01	17	88/02/01	90/02/02
80 KVUT	Little Rock	AR Little Rock	57				42	85/06/07	87/07/07
81 KRZB-TV	Hot Springs	AR Little Rock	57	86/02/07	88/05/31		26	84/10/11	85/03/04
82 CP	San Bernardino	CA Los Angeles	2				30	83/05/06	90/10/19
83 KVMD	Twentynine Palms	CA Los Angeles	2				31	87/05/29	88/05/06
84 KRPA	Rancho Palos Verdes	CA Los Angeles	2				44	86/12/29	88/06/24
85 KBBL	Big Bear Lake	CA Los Angeles	2	91/04/01			59	84/10/10	85/07/02
86 KSTV-TV	Ventura	CA Los Angeles	2	91/01/31			57	87/11/30	88/03/21
87 WFTE	Salem	IN Louisville	47				58	87/08/27	90/04/27
88 KIPC	Lubbock	TX Lubbock	150				16	88/04/20	89/04/28
89 WJNW	Janesville	WI Madison	90				57	87/03/17	88/05/02
90 WJMY	Marquette	MI Marquette	184				19	87/03/31	88/12/06
91 WHTA	Calumet	MI Marquette	184				5	88/02/17	88/04/02
92 KMZS	McAllen	TX McAllen-Brownsville	113				48	88/10/26	89/08/30
93 WXJP	Memphis	TN Memphis	38				50	85/01/08	87/11/16

CONSTRUCTION PERMIT'S SORTED BY ADI NAME

CALL LETTERS	CITY OF LISCENSE	STA. LIS. ADI NAME	ADI RANK	DATE ON AIR	DATE OFF AIR	CP DUE TO BEGIN	CP FILE CH#	CP NUMBER	CP GRANT DATE
94 WBUY	Holly Springs	MS Memphis	38	91/07/01			40	90/10/02	90/12/14
95 WEYS	Key West	FL Miami	15				22	90/11/09	91/07/03
96 WWFD	Key West	FL Miami	15				8	85/09/17	88/07/18
97 CP	Miami	FL Miami	15				35	84/09/21	90/11/27
98 WWS-TV	Mayville	WI Milwaukee	28				52	86/08/04	88/12/05
99 KVBM-TV	Minneapolis	MN Minneapolis-St. Paul	14	91/01/31			45	88/08/05	89/09/11
100 WAWD	Fort Walton Beach	FL Mobile, AL-Pensacola, FL	61				58	90/05/11	91/07/24
101 WRJM-TV	Troy	AL Montgomery-Selma	105	91/01/31		87/04/01	67	86/12/22	87/02/26
102 WPGD	Hendersonville	TN Nashville	32				50	90/12/12	91/07/24
103 WNAB	Nashville	TN Nashville	32	91/09/01			58	90/03/01	90/05/04
104 WKKT-TV	Hopkinsville	KY Nashville	32	91/06/30			51	84/11/29	86/06/02
105 WCCL	New Orleans	LA New Orleans	36	89/03/19	90/04/01		49	88/01/05	88/02/29
106 WMBC-TV	Newton	NJ New York	1				63	85/08/28	90/04/18
107 WVBT	Virginia Beach	VA Norfolk-Portsmouth-Newport News-Hampton	43				43	90/09/07	90/10/02
108 CP	Enid	OK Oklahoma City	40				20	87/01/12	87/10/05
109 KMNZ	Oklahoma City	OK Oklahoma City	40				62	85/02/15	86/01/23
110 KOFF	Omaha	NE Omaha	71				54	85/01/08	88/02/29
111 KPQC	Omaha	NE Omaha	71				15	79/10/26	88/11/17
112 WRBW	Orlando	FL Orlando-Daytona Beach-Melbourne	24	91/01/31			65	82/09/09	85/10/11
113 CP	Orlando	FL Orlando-Daytona Beach-Melbourne	24				27	85/03/20	90/09/19
114 WDRU	Bunnell	FL Orlando-Daytona Beach-Melbourne	24				58	86/04/22	87/11/02
115 WSPH	Murray	KY Paducah, KY-Cape Girardeau, MO-Harrisburg-Marion, IL	76				38	85/03/15	88/03/14
116 WDKA	Paducah	KY Paducah, KY-Cape Girardeau, MO-Harrisburg-Marion, IL	76				49	90/10/30	91/05/20
117 CP	Peoria	IL Peoria-Bloomington	108				59	88/02/09	88/12/15

CONSTRUCTION PERMIT'S SORTED BY ADI NAME

CALL LETTERS	CITY OF LICENSE	STA. LIS. ADI NAME	ADI RANK	DATE ON AIR	DATE OFF AIR	CP DUE TO BEGIN	CP FILE CH#	CP NUMBER	CP GRANT DATE
118 WGTW	Burlington	NJ Philadelphia	4	90/11/15			48	84/01/04	87/02/20
119 WACI	Atlantic City	NJ Philadelphia	4				62	86/04/10	87/09/09
120 CP	Tolleson	AZ Phoenix	20				51	85/02/15	90/08/27
121 KCVF	Portland	OR Portland, OR	27				40	90/12/07	91/04/23
122 WWLA	Lewiston	ME Portland-Poland Spring	70				35	85/08/24	88/07/20
123 WOST-TV	Block Island	RI Providence, RI-New Bedford, MA	45	91/01/31			69	87/01/21	91/04/12
124 WFDG	New Bedford	MA Providence, RI-New Bedford, MA	45				28	80/01/31	91/05/15
125 WDZE	Carolina	PR Puerto Rico	0				52	84/01/19	85/08/09
126 WIRS	Yauco	PR Puerto Rico	0				42	89/09/27	89/12/15
127 WIEC	Ponce	PR Puerto Rico	0				48	82/09/22	83/03/29
128 WRUA	Fajardo	PR Puerto Rico	0				34	88/02/09	89/01/24
129 WMEI	Arecibo	PR Puerto Rico	0				60	87/02/12	88/11/02
130 WIDP	Guayama	PR Puerto Rico	0				46	89/09/21	90/01/19
131 WVSN	Humacao	PR Puerto Rico	0				68	88/03/21	88/05/10
132 WQHA	Aguada	PR Puerto Rico	0				50	87/11/25	89/06/07
133 WWRD	Wilson	NC Raleigh-Durham	34				30	86/06/25	88/05/23
134 KRBB	Sheridan	WY Rapid City	163				7	83/05/06	87/05/07
135 CP	Reno	NV Reno	117				11	85/05/09	90/08/24
136 WPCT-TV	Danville	VA Roanoke-Lynchburg	68				44	87/03/17	88/09/04
137 WZZW	Roanoke	VA Roanoke-Lynchburg	68				60	84/10/05	87/12/03
138 WPAJ	Danville	VA Roanoke-Lynchburg	68	91/01/31			24	87/03/31	88/03/03
139 KUSG	St. George	UT Salt Lake City	41				12	87/08/12	88/05/23
140 KZAR-TV	Provo	UT Salt Lake City	41				16	89/05/19	90/05/08
141 KBIT	Sonora	TX San Angelo	186	91/01/01			11	86/08/20	87/05/26
142 KWII	Brady	TX San Angelo	186	91/01/01			13	84/08/09	88/04/27

CONSTRUCTION PERMIT'S SORTED BY ADI NAME

CALL LETTERS	CITY OF LICENSE	STA. LIS. ADI NAME	ADI RANK	DATE ON AIR	DATE OFF AIR	CP DUE TO BEGIN	CP FILE CH#	CP NUMBER	CP GRANT DATE
143 KWOK	Novato	CA San Francisco	5	91/10/01			68	85/07/25	88/11/28
144 KBEH	Bellevue	WA Seattle-Tacoma	16				51	87/08/31	88/10/31
145 KONG-TV	Everett	WA Seattle-Tacoma	16				16	80/09/08	83/05/17
146 KBCB	Bellingham	WA Seattle-Tacoma	16				64	89/03/14	89/04/27
147 KHCV	Seattle	WA Seattle-Tacoma	16				45	84/08/09	87/03/27
148 KWLB	Shreveport	LA Shreveport, LA-Texarkana, TX	65				45	90/08/03	90/09/20
149 KTTM	Huron	SD Sioux Falls-Mitchell	103	91/01/31		87/10/01	12	90/07/25	91/01/23
150 KSKN	Spokane	WA Spokane	78	83/12/18	88/01/01		22	82/11/17	83/03/16
151 KPMP	Pullman	WA Spokane	78	92/05/01			24	88/04/05	89/06/29
152 WACA	Ithaca	NY Syracuse	69	91/01/31			52	88/10/03	90/11/19
153 CP	Bradenton	FL Tampa-St. Petersburg	13				66	87/07/31	90/09/19
154 WWFG	Inverness	FL Tampa-St. Petersburg	13				64		90/11/05
155 KPOL	Tucson	AZ Tucson	80	85/01/01	89/10/17		40	84/05/23	84/09/21
156 KXGR	Green Valley	AZ Tucson	80				46	89/12/29	90/11/19
157 KGLB-TV	Okmulgee	OK Tulsa	56	90/12/01			44	86/05/09	87/01/30
158 KTHP	Longview	TX Tyler-Longview	118				54	85/08/15	87/03/18
159 KZJI	Victoria	TX Victoria	205	91/01/31			31	86/08/15	88/06/19
160 KYLE	Bryan	TX Waco-Temple	96				28	87/05/29	89/01/24
161 WTMW	Arlington	VA Washington, DC	9				14	90/09/05	90/10/19
162 WYVN	Martinsburg	WV Washington, DC	9	91/01/01			60	89/11/16	90/06/21
163 WHBI	Lake Worth	FL West Palm Beach-Fort Pierce-Vero Beach	46				67	89/02/28	89/06/20
164 KTDA	Lawton	OK Wichita Falls, TX-Lawton, OK	131				45	87/04/21	88/07/07
165 KWCV	Wichita	KS Wichita-Hutchinson	60	91/01/31			33	87/03/31	88/03/25

CONSTRUCTION PERMIT'S SORTED BY ADI NAME

CALL LETTERS	CITY OF LICENSE	STA. LIS. ADI NAME	ADI RANK	DATE ON AIR	DATE OFF AIR	CP DUE TO BEGIN	CP FILE CH#	CP GRANT NUMBER	CP GRANT DATE
166 WSWB-TV	Scranton	PA Wilkes Barre-Scranton	53	91/01/31			64	87/06/16	88/05/05
167 WILF	Williamsport	PA Wilkes Barre-Scranton	53				53	89/01/27	91/07/24

APPLICATIONS SORTED BY ADI NAME

CITY OF LICENSE -----	STA. LIS. ADI NAME -----	ADI RANK CH#	APPLICATION FILE NUMBER -----
1 Lewisburg	WV Bluefield-Beckley-Oak Hill	145 59	91/05/13
2 Burlington	VT Burlington, VT-Plattsburgh, NY	99 44	87/12/24
3 Burlington	VT Burlington, VT-Plattsburgh, NY	99 44	88/03/01
4 Burlington	VT Burlington, VT-Plattsburgh, NY	99 44	88/03/01
5 Burlington	VT Burlington, VT-Plattsburgh, NY	99 44	88/03/01
6 Burlington	VT Burlington, VT-Plattsburgh, NY	99 44	88/03/01
7 Burlington	VT Burlington, VT-Plattsburgh, NY	99 44	88/03/01
8 Burlington	VT Burlington, VT-Plattsburgh, NY	99 44	88/03/01
9 Butte	MT Butte	187 18	91/02/25
10 Rock Hill	SC Charlotte	31 55	85/03/20
11 Rock Hill	SC Charlotte	31 55	85/03/20
12 Rock Hill	SC Charlotte	31 55	85/03/20
13 Rock Hill	SC Charlotte	31 55	85/03/20
14 Rock Hill	SC Charlotte	31 55	85/03/20
15 Rock Hill	SC Charlotte	31 55	85/03/20
16 Charlottesville	VA Charlottesville	195 64	86/04/10
17 Arlington	TX Dallas-Fort Worth	7 68	85/04/18
18 Arlington	TX Dallas-Fort Worth	7 68	85/04/22
19 Arlington	TX Dallas-Fort Worth	7 68	85/04/22
20 Arlington	TX Dallas-Fort Worth	7 68	85/04/22
21 Arlington	TX Dallas-Fort Worth	7 68	85/04/19
22 Arlington	TX Dallas-Fort Worth	7 68	85/04/22
23 Arlington	TX Dallas-Fort Worth	7 68	85/02/07
24 Arlington	TX Dallas-Fort Worth	7 68	85/04/19
25 Bath	NY Elmira	167 14	87/03/31
26 Roseburg	OR Eugene	120 36	88/10/21
27 Roseburg	OR Eugene	120 36	90/04/13
28 Lewistown	MT Great Falls	181 13	89/06/13
29 Hartford	CT Hartford-New Haven	23 18	89/03/01

APPLICATIONS SORTED BY ADI NAME

CITY OF LICENSE -----	STA. LIS. ADI NAME -----	ADI RANK	APPLICATION CH# FILE NUMBER -----
30 Hartford	CT Hartford-New Haven	23	18 83/12/02
31 Conroe	TX Houston	10	55 84/11/29
32 Conroe	TX Houston	10	55 84/11/29
33 Conroe	TX Houston	10	55 84/11/29
34 Jonesboro	AR Jonesboro	172	48 90/08/21
35 Jonesboro	AR Jonesboro	172	48 90/07/03
36 Kansas City	MO Kansas City	29	32 86/12/16
37 Kansas City	MO Kansas City	29	32 86/12/16
38 Kansas City	MO Kansas City	29	32 86/12/16
39 Kansas City	MO Kansas City	29	32 86/12/16
40 Knoxville	TN Knoxville	64	26 89/09/13
41 Knoxville	TN Knoxville	64	26 89/04/05
42 Las Vegas	NV Las Vegas	86	15 88/12/02
43 Las Vegas	NV Las Vegas	86	15 88/12/05
44 Las Vegas	NV Las Vegas	86	15 88/12/05
45 McCook	NE Lincoln-Hastings-Kearney	98	12 87/03/25
46 Avalon	CA Los Angeles	2	54 86/02/10
47 Avalon	CA Los Angeles	2	54 86/02/10
48 Avalon	CA Los Angeles	2	54 85/12/06
49 Avalon	CA Los Angeles	2	54 86/02/10
50 Avalon	CA Los Angeles	2	54 86/02/10
51 Avalon	CA Los Angeles	2	54 86/02/10
52 Avalon	CA Los Angeles	2	54 86/02/10
53 Avalon	CA Los Angeles	2	54 86/02/07
54 Avalon	CA Los Angeles	2	54 86/02/10
55 Avalon	CA Los Angeles	2	54 86/02/10
56 Los Angeles	CA Los Angeles	2	11 88/11/01
57 Perry	GA Macon	123	58 87/03/17
58 Perry	GA Macon	123	58 87/03/17

APPLICATIONS SORTED BY ADI NAME

CITY OF LICENSE -----	STA. LIS. ADI NAME -----	ADI RANK CH#	APPLICATION FILE NUMBER -----
59 Rio Grande City	TX McAllen-Brownsville	113 40	86/08/20
60 Medford	OR Medford	152 26	87/10/02
61 Walker	MN Minneapolis-St. Paul	14 38	88/11/08
62 Columbia	LA Monroe, LA-El Dorado, AR	121 11	87/11/10
63 Columbia	LA Monroe, LA-El Dorado, AR	121 11	87/11/10
64 Columbia	LA Monroe, LA-El Dorado, AR	121 11	87/11/09
65 Columbia	LA Monroe, LA-El Dorado, AR	121 11	87/11/10
66 Tuskegee	AL Montgomery-Selma	105 22	87/06/02
67 Tuskegee	AL Montgomery-Selma	105 22	87/06/02
68 McMinnville	TN Nashville	32 33	84/07/23
69 Slidell	LA New Orleans	36 54	90/07/26
70 New Orleans	LA New Orleans	36 20	88/04/19
71 New Orleans	LA New Orleans	36 20	88/04/19
72 New Orleans	LA New Orleans	36 20	88/04/19
73 Hammond	LA New Orleans	36 62	87/04/21
74 New Orleans	LA New Orleans	36 20	87/07/17
75 Newark	NJ New York	1 68	89/05/01
76 Panama City Beach	FL Panama City	169 46	91/06/17
77 Phoenix	AZ Phoenix	20 61	88/08/02
78 Phoenix	AZ Phoenix	20 61	88/08/01
79 Raleigh	NC Raleigh-Durham	34 50	84/10/04
80 Sheridan	WY Rapid City	163 9	89/10/30
81 Fredericksburg	TX San Antonio	42 2	86/12/19
82 Fredericksburg	TX San Antonio	42 2	87/02/12
83 Del Rio	TX San Antonio	42 10	90/04/24
84 Fredericksburg	TX San Antonio	42 2	87/02/12

APPLICATIONS SORTED BY ADI NAME

CITY OF LICENSE -----	STA. LIS. ADI NAME -----	ADI RANK CH#	APPLICATION FILE NUMBER -----
85 Fredericksburg	TX San Antonio	42 2	87/02/12
86 Blanco	TX San Antonio	42 52	85/03/20
87 Blanco	TX San Antonio	42 52	85/03/20
88 Fredericksburg	TX San Antonio	42 2	87/02/12
89 Del Rio	TX San Antonio	42 10	90/02/20
90 Santa Barbara	CA Santa Barbara-Santa Marie-San Luis Obispo	112 38	84/07/23
91 Santa Barbara	CA Santa Barbara-Santa Marie-San Luis Obispo	112 38	84/07/20
92 Santa Barbara	CA Santa Barbara-Santa Marie-San Luis Obispo	112 38	84/07/23
93 Baxley	GA Savannah	104 34	90/10/29
94 Natchitoches	LA Shreveport, LA-Texarkana, TX	65 11	87/11/10
95 Toledo	OH Toledo	62 40	86/04/10
96 Toledo	OH Toledo	62 40	86/04/10
97 Toledo	OH Toledo	62 40	86/04/09
98 Tulsa	OK Tulsa	56 53	85/01/08
99 Tulsa	OK Tulsa	56 53	85/01/08
100 Tulsa	OK Tulsa	56 53	84/09/21
101 Ilion	NY Utica	161 67	89/06/29
102 Killeen	TX Waco-Temple	96 62	86/03/03
103 Killeen	TX Waco-Temple	96 62	86/04/22

A "Mini-Critique" of the OPP Paper

The Commission staff has prepared an extensive analysis of the plight of broadcast television in the current video marketplace.¹ This analysis has provided the impetus for the Commission's commencing a wide-ranging inquiry into the "state of the video marketplace and the public policy implications that flow from these changes."² The Commission has invited parties to comment on the staff's analysis.³ In response to the Commission's request for comments on the OPP Paper, the research and legal staffs of the Association of Independent Television Stations, Inc. ("INTV"), has prepared this "mini-critique."

This critique will focus primarily on the parts of the OPP Paper dealing with broadcast television and, to a lesser extent, cable television. Whereas direct broadcast satellites and other video media are, perhaps, no less significant, those with first-hand knowledge of those industries can offer much more enlightening analyses of the OPP Paper's facts, opinions, and conclusions concerning those video services. INTV will confine its comments generally to the areas where its knowledge and expertise are concentrated, namely, broadcast television and its interrelationship with cable television. Furthermore, this critique is not exhaustive. INTV has restricted itself to the more striking of its concerns about the OPP Paper. If other concerns arise during the Commission's deliberations on regulatory actions responsive to the OPP Paper's recommendations, INTV will voice those concerns. Many areas in which INTV agrees with the OPP Paper also will not be mentioned. Again, however, INTV's silence today in no way may be construed as assent to every unmentioned finding or conclusion of the OPP Paper.

INTV's critique also will track the sequence and organization of the OPP Paper. With respect to each area of concern, the OPP Paper generally meshes several distinct levels of analysis. First, it presents a wealth of factual data compiled primarily from well-known, recognized sources. Second, it offers opinions concerning the reasons the industry has developed in ways reflected by the factual data. Third, it offers predictions based on the trends evident from the factual data.⁴ The format employed by INTV will be structured and presented accordingly.

Finally, INTV generally will reserve discussion of the implications of its comments on the OPP Paper to its comments in response to the *NOI*.

INTRODUCTION

Generally speaking, the OPP Paper is a credible, commendable work. The depth and breadth of fact-finding and analysis are rarely lacking. Implausible conclusions are few and far between. Hints of bias of one sort or another only occasionally emerge. The talents and capabilities of the staff members responsible for preparation of the OPP Paper are significant, as every page of the paper confirms.

The Commission must recall, however, that the OPP Paper is a staff paper which now serves to prompt, not preempt, inquiry; to ask, not answer questions; and to stimulate, not stifle, debate. It hardly constitutes divine revelation, or even the position of the Commission itself, upon which the Commission confidently may chart the course of federal regulation of broadcasting and other video media for some time to come.⁵ Furthermore, only a crystal ball -- fully licensed and precisely calibrated, to be sure -- could begin to show the Commission a glimpse of what the future really holds. In the absence of such strategically helpful devices, INTV urges the Commission to consider the OPP Paper no more than the first salvo in this highly critical debate and worthy of no special consideration just because it does offer the first, but hardly the last word on the subject. In that spirit of robust debate and discussion concerning the future of broadcast television in a dynamic video marketplace, INTV submits its critique of the OPP Paper.

OPP Opinion: "The fact that consumers will pay for cable services in areas where unused over-the-air allotments exist suggests that advertiser support results in an undersupply of programming."⁶

OPP Opinion: "With large numbers of channels, however, the value to viewers of an additional channel probably falls rapidly."⁹

INTV Critique: This conclusion implicitly assumes something which does not exist -- a competitive marketplace between broadcast and cable television. Beyond the well-known market distortions caused by the compulsory license, cable operators function as "gatekeepers" and control consumer access to video sources in the markets.⁷ The availability of unused channels, therefore, may not be a function of inadequate demand for television advertising, but from the reluctance of entrepreneurs to invest in new television stations on unused allotments due to the lack of assurance that local cable systems would carry the station if it were put on the air.⁸

INTV Critique: In theory this may be true. However, INTV suggests that the value to the consumer of another channel will depend largely on the program content of the channel. Furthermore, as a practical matter, only cable subscribers have a large number of channels by any reasonable definition of the term. The substantial minority of consumers who do not subscribe to cable undoubtedly would value another channel very highly. Only in a handful of markets are a large number of channels available to consumers over-the-air.¹⁰

OPP Finding "Broadcast network programming is currently more expensive than cable programming in the aggregate, but not necessarily at the level of individual programs."¹¹

OPP Opinion: "Cable and other new media offer additional choices to subscribers, and the fact that subscribers are willing to pay for those choices indicates that they place significant value on having those additional choices available."¹³

INTV Critique: According to data submitted to the Commission by CBS, Inc., network expenditures for entertainment programming were more than *seven times* the expenditures for basic and pay cable entertainment program production.¹² This sort of disparity in the aggregate suggests that even individual cable programs are not as expensive as their counterparts on the networks (*e.g.*, the cost of a made-for-cable movie may exceed the cost of an episode of a network series; on the other hand, the cost per episode for network series versus cable series rarely, if ever, would approach the cost of a network series).

INTV Addendum: ...or on the ability to receive local signals without reception problems or without an unsightly outdoor antenna.

OPP Opinion: "Despite apparent competition from new cable systems, the total number of television stations, particularly UHF stations, has increased over the past decade....Industry observers believe that the growth of cable made possible the expansion in the number of broadcast television stations by increasing the potential audiences of UHF stations."¹⁴

INTV Critique: Competition from new cable systems is more than apparent; it is very real! However, to cite only the growth in the number of broadcast television stations (especially UHF) over the past decade is misleading. It obscures the marked slow-down in broadcast television growth since 1987 when "must carry" rules died their final death in the courts. The following table reveals the declining trend in television station growth since 1987:

TABLE 1
NEW STATIONS PER YEAR BY STATION TYPE

<u>YEAR</u>	<u>FOX/IND</u>	<u>UHF</u>	<u>TOTAL</u>
1980	13	19	21
1981	31	30	32
1982	34	36	39
1983	27	28	32
1984	30	31	37
1985	38	41	43
1986	44	44	46
1987	27	34	35
1988	33	31	37
1989	23	26	27
1990	13	13	16
1991	9	11	12

In short, cable carriage has encouraged growth in the number of broadcast stations. Again, however, the lack of assurance of carriage has taken a significant toll on the growth of broadcast television since 1987. Similarly, the number of new television station applications each year dropped dramatically after 1987, see Table 2, below:

TABLE 2¹⁵
APPLICATIONS FOR NEW STATIONS PER YEAR

<u>YEAR</u>	<u>#APPLICATIONS</u>	<u>#ALLOTMENTS</u>
1985	243	53
1986	155	58
1987	174	77
1988	38	14
1989	12	8

Thus, the OPP reflection of the facts is correct, but somewhat misleading in light of the most recent trends in broadcast television station growth.

OPP Fact: “The increase in the number of over-the-air stations is reflected in the increase in the number of stations available to viewers....”

INTV Critiques: This is misleading. The fact that a station is licensed to a community in an ADI does not mean that every household in the ADI can receive the station’s signal. Usually, some counties assigned to an ADI are beyond the reach of the off-air coverage areas of some or even all of the stations licensed to communities in the ADI. For example, some counties assigned to the Denver ADI are in Wyoming. Additionally, even within a station’s coverage area, lack of cable carriage may prevent its reaching many local television households. Therefore, the percentages of households which receive the various numbers of over-the-air signals is overstated, probably considerably in some markets.

OPP Opinion: "The decline in [network] prime time viewing has a particularly large impact on the networks because their advantage to advertisers historically resided in their ability to deliver the mass audiences that watch television during prime time."¹⁶

INTV Critique: The networks continue to offer advertisers the largest audiences among all competing media in the video marketplace. Thus, they maintain their advantage in that respect, and, although the margin may be narrower, it still is substantial. The networks continue to tout their advantage in that respect. According to a recent report in *Communications Daily*:

"NTA President Peter Chrisanthopoulos said a key problem for the networks is the common misperception that their reach has deteriorated. Networks maintain 93% audience share in prime time and 97% in overall dayparts, he said.

Cable isn't as threatening as critics claim because coverage....will peak at 92% by year 2000, Chrisanthopoulos said. Since only 75% of those who can subscribe choose to do so now, penetration would be only 69% if trend continues, he said.¹⁷

They also claim to offer additional advantages. A recent network study concludes that network viewers are more involved in network programming and less volatile (*i.e.*, they are less likely to switch to another channel). The study concludes that prime time programs on the "big 3" networks "provide greater value to advertisers because they deliver involved viewers who are more likely to be exposed and receptive to full commercial messages."¹⁸

OPP "Fact": "Independent stations also provide some local programming, including news, but viewing shares of this programming cannot be disaggregated. However, as we shall see below, independents as groups provide much less of such programming than do affiliates."¹⁹

OPP Opinion: "The data do not permit identification of viewing shares for locally-produced programming such as news and public affairs, or for syndicated programming that could be interpreted as contributing to the affiliated stations' fulfillment of their mandate to program in the public interest. Nevertheless, the figures in table 9 raise the question of how much value consumers place on the local component of a network affiliate's service."²¹

INTV Critique: This sort of general statement also ignores the trend among independent stations to provide local news.²⁰ Furthermore, the staff appears to be referring to portions of its analysis recounting the amounts stations invest in news and other local programming. If this is the case, then one might conclude just as readily that independent stations provide such services more efficiently than their affiliate competitors. In truth, of course, fewer independents provide local news than affiliates, but the trend clearly is in the other direction. Finally, viewing shares of local programming can be disaggregated; the staff simply chose to rely on data available "off-the-shelf." INTV does not fault the staff for this, but does urge more caution in pontificating about what sorts of data may and may not be disaggregated.

INTV Critique: In fact, the figures in table 9 also reflect the considerably more attractive genres of programming broadcast by the networks during prime time in particular. Rarely does affiliate programming appear during prime time, which remains the nearly exclusive domain of the networks.

OPP Opinion: "Additional competitors can be expected to affect stations' profits in at least two ways. First, the observed decline in broadcast viewing has reduced audiences for advertising and may have contributed to reduced advertising revenues for networks and stations. Second, increased numbers of video channels may have increased the demand for and bid up the prices of inputs into broadcast service, especially programming and the talent that produces it, and thus increased costs."²²

INTV Critique: The staff oversimplifies the matter of program costs. The programming market is composed of many sub-markets. Neither independent stations nor cable networks typically participate in the market for prime-time network quality programming. They do not have the audience base to justify entering that market. Cable networks usually produce a lesser quality and less expensive type of programming; independent stations acquire programming in the syndication marketplace, usually acquiring re-runs of popular network series as the staple of their program schedules. Similarly, independent stations do not bid for major national sporting events like the World Series, Super Bowl or football or baseball play-offs. Even weekly NFL games have been sold only to national networks, primarily broadcast. A local independent or affiliate never would employ a well-known anchor like Peter Jennings. Even CNN has refrained from the "big-name" anchor game. Therefore, increases in the number video outlets *per se* would not drive up the cost of network programming and its star-quality inputs. Only three serious buyers remain in that market, ABC, CBS, and NBC. On the other hand, the dramatic rise in the price of syndicated programming to independent stations in the mid-to-late-80's had little, if any, effect on the price of network programming. Programming also is differentiated by whether and the degree to which it is popular. In most sub-markets the supply of "hit" programming is likely to be small, creating yet another sub-market. Not every program is a "Cosby" or a "Cheers" or a World Series or even a Redskins-Giants play-off game!²³

OPP Fact & Opinion: "The high revenues of stations in large markets are usually explained by the high rates advertisers are willing to pay to advertise to large audiences, coupled with a limited number of frequency allotments that prevents expansion of the number of broadcast stations."²⁴

INTV Critique: Yet, the staff also notes that channels are available, suggesting that advertiser-supported media leave an undersupply of programming in the market.²⁵ Again, INTV submits that lack of assurance of access to the audience also stands as a culprit *vis-a-vis* the utilization of vacant allotments in larger markets. Yet, stations in large markets do appear to slice larger pie into fewer, larger slices. Attachment A shows the numbers of television households per channel in today's television markets.

OPP Fact & Opinion: "Despite the high average expenses in large markets, average profits were also very high in the top 30 markets. In the top ten markets they amounted to 27.8 percent of net revenue for all stations....Not all stations in large markets shared the high profits, however. At least 25 percent of stations in the top ten markets experienced losses. In the current market, many stations experiencing losses may be new entrants or UHF independents that may have been profitable when there were fewer competing channels. In any case, great differences exist in the competitive success of large market stations."²⁶

INTV Critique: Among independent stations, the pattern is similar. Well-established stations, widely-carried on local cable systems can afford the attractive programming, of which a limited supply is available.²⁷ The difficulty faced by other independent stations, including new entrants is two-fold. First, as noted previously, cable carriage is not assured.²⁸ Second, the supply of highly-attractive programming necessary to counterprogram affiliate programming may not be sufficient to permit them to acquire attractive enough programming to compete effectively or at least differentiate their programming from programming available on cable networks.²⁹ The inability to assure cable carriage is an enormous disincentive to make the investment in programming which would be competitive with other broadcast stations. A few entrepreneurs have done so successfully.³⁰ As the OPP Paper recognizes, many independent stations have acquired competitive programming via their affiliations with Fox, which provides prime-time network-quality programming five nights a week. This has enhanced their competitive position. Ultimately this may also increase the supply of highly-attractive off-network programming in the market, although the net effect is difficult to predict. The effects of larger supply could be offset considerably by an increase in demand. As one more independent station achieves strength in the market because of its Fox affiliation, the demand for attractive off-network programming will increase because another strong buyer will exist in the market. Fox affiliates still have tended and may continue to program off-network programming during early fringe time, the key revenue daypart for independent stations.³¹

OPP Opinion: "The losses reported in NAB data may overstate the stations' difficulties, as the pattern of losses over time suggests. The FCC data show, for instance, that the percentage of independent stations reporting losses was 40.2 in 1975 and 45.5 in 1980....With long-term losses of this magnitude, one would expect to see wholesale exit from the market. Yet, the number of independents, in particular, UHF independents, has grown rapidly over the period. In the early years, growth in numbers of stations was relatively slow, so the losses during the period cannot be attributed, for the most part, to new stations with large start-up costs. One can conclude that, while the trend of declining profits or increasing losses is clear, the absolute level of profits and losses, and the implications for the ability of markets to support the existing number of stations are not."³²

INTV Critique: First, the number of new stations would affect the reports prepared by NAB. The number of new stations peaked in 1986. Similarly, the number of stations in operation for less than three years also peaked in 1986, as shown in Table 3, below:

TABLE 3
STATIONS OPERATING UNDER 3 YEARS

YEAR	NEW STATIONS	> 3 YEARS
1980	21	43
1981	32	67
1982	39	92
1983	32	103
1984	37	108
1985	43	112
1986	46	126
1987	35	124
1988	37	124
1989	27	100
1990	16	80
1991	12	55

Furthermore, with respect to the rapid growth of the industry, that growth has abated post-1987. Also, as both INTV and the OPP Paper noted, the introduction of Fox into the market provided many marginal stations with literally a new lease on life. Many stations which might otherwise have failed were able to secure the key element of broadcast station success -- attractive, competitive programming. To a certain extent, this also left a niche in the market -- that of a truly independent station -- which another station in the market could fill. Consequently, a *wholesale* exit from the market did not take place. Nonetheless, some stations have failed or at least sought protection under the bankruptcy laws.³³

OPP Fact: "Industry observers have reported that the increasing number of over-the-air and cable channels has bid up the price of programming, increasing station costs at the same time that their audiences are falling."³⁴

INTV Critique: Regardless of what the cause may have been, the price of programming for independent stations escalated rapidly in the mid-80's.³⁵ Indeed, the OPP paper itself notes, broadcast rights costs for independents rose from 32.6% to 43.4% of total expenses between 1980 and 1989.³⁶ At present, however, program costs have moderated, at least in part because many stations and, particularly, those which were carrying heavy debt loads, were in dire financial straits by the late-80's.

OPP Opinion: "Thus, despite the audience erosion of recent years, many advertising agents continue to believe that network advertising has no good substitutes. This perception, however, appears to be changing.... The collapse of the so-called up-front network advertising market, in which advertisers buy time in advance for the coming season, may indicate that networks no longer are able to increase the price per viewer, thus indicating a shift in advertiser thinking."³⁷

INTV Critique: The staff offers little, if any, basis for its statement that the perception that network advertising has no good substitutes appears to be changing.³⁸ Quite to the contrary, shifts away from network advertising to promotion-based marketing are considered temporary by some "industry observers." *Broadcasting* recently reported that:

County Natwest network analyst John Tinker said a key question the networks will grapple with in the next six to nine months is whether advertising lost to direct marketing and promotion strategies is a temporary blip or a permanent loss. "Advertising revenues aren't growing anymore. What we don't know is will people be advertising less on the network if the economy does come back?"

"I've heard that question raised before," said Jerome Dominus, Senior Vice president and director of network negotiations at J. Walter Thompson. "My sense is that it's temporary. I think the swing to promotion has gotten so deep that people are re-evaluating that out of a realization that they're buying the business and not building the brand."

Added Julie Friedlander, senior vice president and director of national broadcast negotiations, Ogilvy & Mather: "I can't say I see any evidence of cutting back," on a per brand basis...Are they advertising as many brands? No."

Pier Mapes, president of NBC Television network, said last week he has seen some encouraging signs ...including fourth quarter pricing that is at the upfront level..."I haven't been this encouraged in five quarters," said Mapes.³⁹

OPP Opinion: “By the first quarter of 1991, three basic cable networks had prime-time ratings of 2.0 or better...”⁴⁰

OPP Opinion: “The network rating predictions may be optimistic because even if the growth of cable subscribership slows, cable viewing by cable households will almost certainly continue to increase.”⁴¹

OPP Opinion: “As noted above, cable advertising remains an imperfect substitute for broadcast television, and particularly network advertising, though that situation may be changing. Cable advertising has major advantages for some advertisers. Cable subscribers have higher incomes and more education, on average, than the general population, and consume more of many advertised goods and services, making cable subscribers desirable targets for advertisers.”⁴²

INTV Critique: The first quarter of 1991 was terribly atypical due to the Gulf war. CNN ratings, for example, were much higher than usual. Additionally, extensive coverage of the war on broadcast television stations may have driven more viewers to entertainment-oriented cable networks.

INTV Question: Why? The staff's opinion is unsubstantiated.

INTV Retort: Again, no real reason is provided for the staff's opinion. Whereas cable audiences may offer a more attractive demographic to advertisers, that has been the case since the beginning of widespread cable service. It is no new reason why those advantages might prompt an advertiser who had not done so before to shift to cable. Furthermore, the staff offers no evidence that viewers of cable networks are upscale viewers.