

proposals, such data could be used as part of an effort to contradict the market showing provided by the proposed broadcaster.

Also, and as expressed in more detail below, an additional showing that a potential FM broadcaster could be required to submit would be whether the proposed facility would be minority owned.

D. FCC Allotment Policy Should Be Revised To Consider Reception Services As Well As Transmission Services.

Again, were the Commission to reinstitute the licensing of new FM facilities, it is important that the agency examine the number of existing stations "receivable" in the city of license proposed to be served, as opposed to assessing primarily the "transmission" facilities in the community. To a large degree, the Commission already has taken steps toward such a more realistic assessment of service needs.^{34/} A more direct and expansive approach is now required.

By taking a realistic look at the number of radio stations currently vying for audience in the area proposed to be served, the Commission would be able to judge better whether a new facility truly is needed. Making such an analysis also would aid the agency in reviewing the market data that the petitioner/applicant would be submitting in support of the proposal to operate a new station in the market.

^{34/} See, e.g., Memorandum Opinion and Order in MM Docket No. 88-526, 5 F.C.C. Rcd 7094 (1990).

E. The Commission Should Provide Greater Incentive for Minority Entry into FM Radio Broadcasting.

As an important part of this entire review of FM station allocation policy, we believe the time is right for the Commission to adopt new incentives aimed at encouraging increases in minority ownership of FM radio stations. These steps would involve proposed transfer of existing facilities as well as a possible introduction of some new minority-owned radio outlets.

As emphasized in the entirety of this pleading, NAB believes that perceived FM service needs can be met through the existing mass of operating FM broadcast stations. One of these needs, of course, is that for minority-owned operations. Already the Commission has a "tax certificate" policy^{35/} and a "distress sales" policy^{36/} aimed at providing incentives for transfer of existing facilities to minority entrepreneurs. Just as NAB has long supported these policies,^{37/} we believe that the Commission could enhance the strength of such policies. Indeed, we urge the Commission to ask for public comment on enhancing each policy.

Although we do not believe that the Commission should limit its request for public comment to this issue, it would seem

^{35/}See, e.g., Statement of Policy on Minority Ownership of Broadcast Facilities, 68 F.C.C. 2d 979 (1978).

^{36/}Id. See also Clarification of Distress Sale Policy, 44 R.R.2d (P&F) 479 (1978).

^{37/}As noted by the Commission, the minority tax certificate policy was first proposed by NAB; and NAB was one of the parties who first supported extension of the Commission's distress sale policy to encourage sales to minorities. Statement of Policy on Minority Ownership of Broadcast Facilities, supra note 35.

that one useful way for the tax certificate policy to become more valuable would be for the FCC to expand the number of situations where an incumbent broadcaster transferring a property to a minority buyer would be able to reinvest the proceeds from that sale. Currently, a broadcaster must reinvest, within 18 months, the proceeds from the sale (deferring the gain from that sale) in a communications company holding an FCC license. Because the Commission has great latitude in adopting rules and policies to implement Section 1071 of the U.S. Tax Code,^{38/} we believe that the Commission should consider whether reinvestment in any company that is the holder, or of which a subsidiary is the holder, of one or more FCC licenses should be sufficient to defer recognition of gain. By making it easier for sellers of stations to reinvest proceeds from sales, the Commission will further its goal of increasing diversity of ownership.

In addition to providing greater incentives for the entry of minorities into FM radio broadcasting through transfer of existing facilities, we believe the Commission should ask for public comment on whether proposed minority ownership should be a factor sufficient to outweigh concerns over "over-populating" a particular broadcast market.^{39/} That is, we ask the Commission to

^{38/}26 U.S.C. § 1071.

^{39/}NAB believes that the proposed expansion of the tax certificate and distressed sales policies, as well as NAB's suggested "minority entry" factor to be used in conjunction with an economic analysis of the local market, would be both Constitutional and good communications policy. See Metro Broadcasting, Inc. v. FCC, 497 U.S. ___, 110 S. Ct. 2997 (1990).

consider whether minority ownership, if proposed and submitted in conjunction with the "market data" of a petitioner/applicant, should be sufficient to allow entry of the proposed new radio facility, even if there might not be a prima facie case for such entry as based on relevant market economic data. Such a question, among relevant others, should be asked and resolved in the rulemaking proceeding requested here by NAB.

V. CONCLUSION

For the reasons stated above, NAB urges the Commission to initiate promptly a rulemaking proceeding that would explore significant and needed changes to the agency's FM allocations policies. NAB believes that such a review is necessary today, if the Commission is to avoid the situation, experienced in AM radio, where more dramatic and more radical repairs might be needed for the FM radio service in the future.

Respectfully submitted,

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February 10, 1992

APPENDIX A

NAB NATIONAL RADIO LISTENING STUDY

NAB NATIONAL RADIO LISTENING STUDY

**Ed Cohen, Ph.D., Director of Audience Measurement and Policy Research
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National Association of Broadcasters
November 2, 1988**

The author would like to thank Lavita Strickland, Sarah Rogers, Brian Williams and Leslie Feifer of the NAB staff for their assistance. In addition, the assistance of Barbara Woods and Pat Duggan at Arbitron is greatly appreciated.

Introduction

While protagonists on both sides argue over whether or not there is enough diversity in American radio, whether or not the country needs liberalized translator rules or whether or not more full power stations are needed, one aspect of the situation has been overlooked. There is no detailed picture of the true number of radio stations available to listeners in the United States.

This report provides a view of 1988 radio listening in the United States. Through the use of Arbitron Ratings Company's Total Audience Listening Output (TALO) files, NAB was able to generate an accurate picture of the number of radio stations heard at various locations throughout the country.¹

Methodology

NAB staff members collected three elements of TALO data for every county and "county part" surveyed by Arbitron Ratings during the Spring, 1988 rating period (March 31-June 22, 1988). During the Spring, 1988 survey period, Arbitron placed diaries in every county in the continental United States, as well as the Anchorage, Alaska and Honolulu, Hawaii metro areas. The data collected in the NAB study includes the number of diaries returned from each county, the number of "unduplicated mentions" (a particular station mentioned counts only once for each listener, regardless of the number of times it appears in a diary) and the number of stations that had at least one diary mention. The "unidentified" stations, those mentions where Arbitron editors could not give credit to an individual station were not included in the count. Arbitron also supplied the "12 and older"

¹ The TALO files are lists of all stations receiving diary "mentions" in a given county or county part. While quite a number of stations receive at least one mention, most of these stations are not listed in the Arbitron Ratings syndicated Local Market Reports (LMR). The reasons include the "minimum reporting standards" (MRS) that stations must meet for inclusion and Arbitron's policy of not listing non-commercial stations in the printed LMRs.

population for each of the counties.

The reference to "county parts" refers to the fact that Arbitron "breaks up" a number of the larger counties around the country as well as some where a number of metro areas are very close to each other geographically. For example, some metro counties that meet certain qualifications have either High Density Black Areas (HDBAs) or High Density Hispanic Areas (HDHAs). For example, Prince Georges County, Maryland in the Washington, DC metro qualifies for an HDBA. Thus, the county is split into two areas in the TALO listings, one for the Prince Georges HDBA and one for Prince Georges Balance. Some other counties are split up for geographical reasons. This is common in parts of New England, especially in Connecticut where several metro areas are very close to each other. In the West, some counties are so large geographically that they are split up. As with the ethnic splits, this creates more "county parts," so the total number of areas surveyed is larger than the true number of counties in the United States. For more specific information on this topic, please see Arbitron Rating's Description of Methodology.²

Limitations

As with any study, there are limitations. In this case, the TALO files used here may have contained some stations that were entered by mistake, such as television station call letters, fictitious call letters, or those that were misinterpreted by either diarykeepers, editors, or data entry personnel. In addition, diarykeepers may write in out of market stations listened to during travel. These factors, although minimal, would tend to overstate the figures given below. Other possible sources of error include non-response bias from those listeners who received diaries but did not return them, and errors made by NAB staffers in recording the data or entering the data in the computer. These errors would not be expected

² Description of Methodology: Arbitron Radio Market Reports, 1988, Arbitron Ratings Company, Laurel, MD.

to have any significant effect on the data in either direction. Finally, there is the problem of the survey instrument which, due to its nature, does not capture all listening that may occur, especially short term listening and the fact that Arbitron editing rules require a minimum of five minutes listening before a mention can be counted. These factors would tend to depress the number of stations listed.

Results

In all, NAB examined radio station listening figures for 3,330 different counties and county parts. The mean for the entire country was 26.4 radio stations, meaning diarykeepers in the average county or county part listed 26.4 different radio stations in their returned and usable diaries (the median was 20). The range spanned from one station up to well over one hundred in a number of metropolitan areas.

First, we will examine the overall data through a number of crosstabulations and then review the situations in a number of specific counties across the country. Obviously, there is a difference by population size. Table 1 shows the number of stations listed by county 12+ population.

**TABLE 1
AVERAGE NUMBER OF STATIONS BY POPULATION**

12+ POPULATION	NUMBER OF COUNTIES	NUMBER OF STATIONS
1000 OR LESS	33	10.5
1100-2500	96	13.2
2600-5000	222	13.3
5100-10000	539	13.8
10100-25000	968	18.0
25100-50000	633	25.4
50100-100000	409	38.6
100100-250000	269	54.9
250100-500000	99	67.9
MORE THAN 500000	62	81.4

In even the smallest counties in the country, listeners have many choices available to them--and they use these radio choices. Counties with a population of less than 1,000 people

12 and older may have difficulty economically supporting radio stations, so the intuitive assumption is that residents of these counties have few radio station choices. Yet even these counties average more than ten different radio stations. These figures also point up the kind of intense competition faced by small market radio operations. While these stations may have no "local competitor," they face an intense battle for listeners with stations from other markets that are available to local listeners.

Certainly, region of the country would be expected to have some impact on the results in this study. Table 2 shows the different figures based on census regions.

TABLE 2
AVERAGE NUMBER OF STATIONS BY CENSUS REGIONS AND DIVISIONS

REGION/DIVISION	NUMBER OF STATIONS
NORTHEAST	47.6
NEW ENGLAND	46.9
MIDDLE ATLANTIC	48.0
NORTH CENTRAL	24.5
EAST NORTH CENTRAL	32.2
WEST NORTH CENTRAL	19.1
SOUTH	23.6
SOUTH ATLANTIC	26.9
EAST SOUTH CENTRAL	21.0
WEST SOUTH CENTRAL	21.6
WEST	27.9
MOUNTAIN	18.8
PACIFIC	41.9

As one might expect, the Northeast has the highest average number of stations (almost fifty), while the North Central and Southern regions have the lowest. The New England, Middle Atlantic, and Pacific divisions are the highest of the divisions, with the Mountain and West North Central divisions averaging the lowest number of stations. Of the states with ten or more counties and county parts, Massachusetts had the highest average (68.3 stations) followed by Connecticut (60.9), California (51.8), and Pennsylvania (47.5). The lowest average

was scored by Montana (14.5), followed by Nebraska (15.3), South Dakota (16.2), and North Dakota (16.5).

Figure 1 below shows graphically the number of stations that were reported in the syndicated Spring 1988 local market reports for the top ten markets. This number is compared with the number of stations found in the TALO report for one county or county part in the metro area for each of those markets. For example, 47 stations were listed in the New York market in Spring, 1988. In Nassau County alone, 132 different stations were listed and the 934 diaries returned from Nassau County were only a small percentage of the market's 6,227 in-tab (in the tabulation) diaries. Thus, the number of different stations for the entire New York market should be expected to be higher than 132.

In Figure 2, the ten smallest Arbitron markets are examined. The number of stations available ranges from 31 in Minot, North Dakota (the smallest Arbitron market) up to 63 in both Aberdeen, Washington, and Cheyenne, Wyoming. Using the local market Arbitron reports, the range is from five in Casper, Wyoming up to 14 in Aberdeen.

To avoid any confusion, it must be made clear that the number of stations given in Figure 1 uses TALO from only one county or county part in that metro. Only one county or county part can be used because there is duplication of listening across counties. As Arbitron would not release the TALO reports from their Laurel headquarters, it was impossible to generate an unduplicated number of stations for any given market that contains more than one county or county split. In all of the top ten markets, the metros are made up of a number of counties, however, in Figure 2, all but two cases show full metros for the TALO figures (one county metros with no ethnic splits). Therefore, although it may appear differently, it is not implied that listeners in Aberdeen, Washington have more stations available than Chicago listeners.

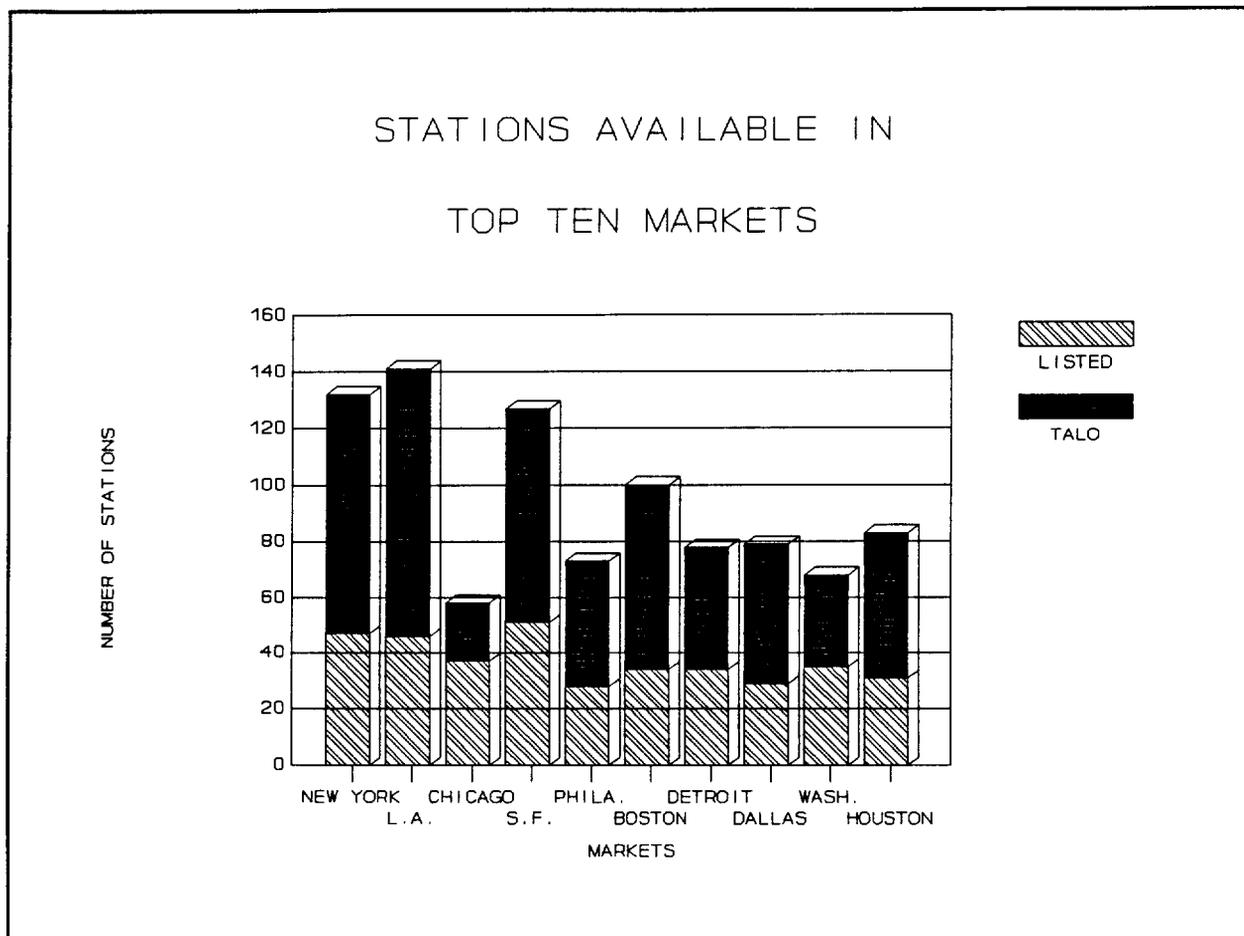


Figure 1

Notes:

Counties Selected for TALO:

- New York-Nassau (934 diaries)
- Los Angeles-Los Angeles County Balance (1470 diaries)
- Chicago-Cook HDHA (165 diaries)
- San Francisco-Contra Costa West Balance (358 diaries)
- Philadelphia-Montgomery (409 diaries)
- Boston-Middlesex (819 diaries)
- Detroit-Wayne HDBA (621 diaries)
- Dallas-Dallas County Balance (776 diaries)
- Washington-Montgomery (364 diaries)
- Houston-Harris Balance (1072 diaries)

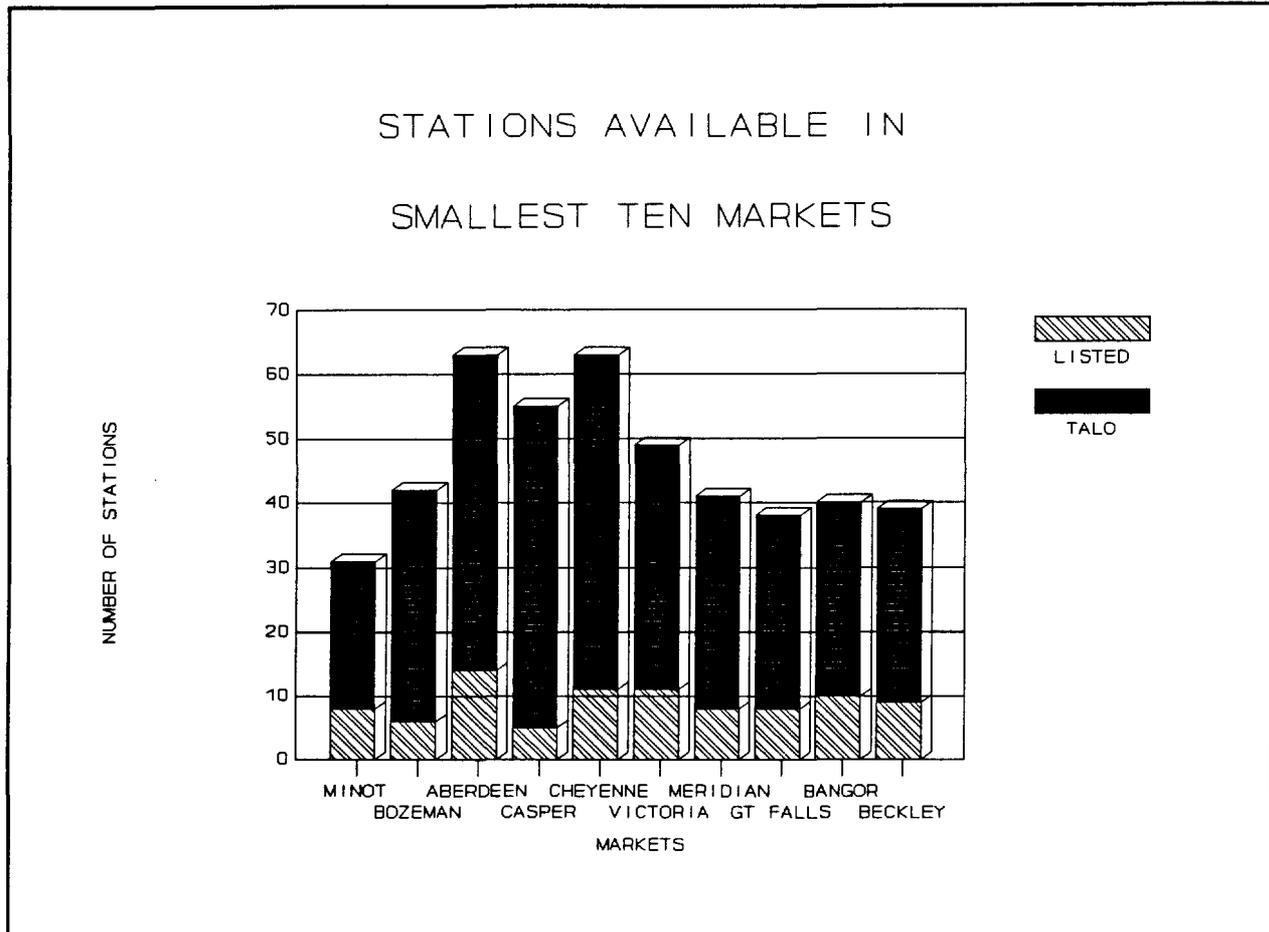


Figure 2

Notes:

All markets consisted of one county, therefore the geographies for the TALO numbers match the listed numbers. However, Victoria and Meridian both had ethnic splits. For Victoria, the Victoria County HDHA was used (195 diaries) and for Meridian, the Lauderdale County HDBA (206 diaries) was used.

Selected Cases

While the national numbers paint a picture of intense competition, it is wise to go beyond those and look at some examples of how the situation shapes up in certain locales. We selected a number of counties throughout the country chosen to illustrate just how many radio choices are available to consumers today. For each county, NAB tallied the number of

radio stations licensed to that county and also attempted to identify the number of translators licensed to the county. Maps showing the locations of the counties chosen are included in Appendix A.

Coconino County, Arizona

Coconino County is located in northern Arizona, stretching up to the Utah border. It includes part of Grand Canyon National Park, Indian reservations, and the city of Flagstaff. It has a 12+ population of 72,200. At the time of Arbitron's survey, Flagstaff had eight local radio stations assigned--three on AM and five on FM--one of which was not listed as being on the air yet according to the 1988 Broadcasting/Cablecasting Yearbook. One of the AM stations has since gone silent, partly due to excessive competition from translators.³ In addition, another AM station is licensed to Tuba City on the Navajo Indian Reservation. Thirteen translators are licensed to Flagstaff, although three are carrying Flagstaff signals. Another translator is licensed to Williams, Arizona, which is west of Flagstaff, still in Coconino County. It carries a signal from Las Vegas, Nevada that is also available in Flagstaff via translator. Thus, there is a total of eighteen different signals broadcast or rebroadcast to the county.

Arbitron received 32 diaries from Coconino County which contained 79 mentions to a total of 29 different radio stations, or 11 more than were licensed to the county.

Calhoun County, Arkansas

Calhoun County is located in the southern part of Arkansas, close to the Louisiana border. While not too far from El Dorado, Arkansas, it is part of the Little Rock ADI and total survey area. The county seat is Hampton and the 12+ population is 5,100.

³ See Comments of the NAB in MM Docket 88-140 filed August 15, 1988 at Appendix C.

Hampton has one radio station, KKOL-FM. There are two stations in Fordyce, to the north in Dallas County, and four more stations in Camden, which lies to the west in Ouachita county. No translators are listed as operating in Calhoun County. Yet, the 21 in-tab diaries that were returned to Arbitron from listeners in Calhoun County had 35 mentions with 18 different radio stations, many more than are licensed to communities within or very near that county.

Del Norte County, California

Del Norte County is at the top of California, bounded by Oregon to the north, the Siskiyou Mountains to the east, the Pacific Ocean to the west, and rural Humboldt County to the south. A total of 15,600 people twelve and older live there and the county seat is Crescent City. The 1988 Broadcasting/Cablecasting Yearbook lists four local stations in the county, although one was not on the air at the time the Yearbook was issued. Five translators are known to be operating in Del Norte County, three of which rebroadcast KSOR from Ashland, Oregon. The others rebroadcast KEKA from Eureka, California, and KEAR from San Francisco. Thus, a maximum of seven signals should be available in Del Norte County. Arbitron figures showed that the 29 diarykeepers in that county had 49 mentions listing 13 different radio stations, almost double the number licensed to communities in Del Norte County.

Logan County, Kansas

Like much of Kansas, Logan County is a long way from any major metro area. Located in the western part of the state, it has a 12+ population of 2,900 people and is outside of any Arbitron Radio total survey area. It is in the Wichita-Hutchinson ADI.

No radio stations are licensed to any community in Logan County, however one translator does exist in the county seat of Oakley, rebroadcasting KANZ from Garden City, Kansas.

Twenty diaries were returned from Logan County during Spring, 1988. These included 58 mentions covering 21 different radio stations in an area that is heavily rural and has only one translated signal.

Aroostook County, Maine

Aroostook County covers the far north of Maine, bordering the Canadian provinces of Quebec and New Brunswick. The 70,500 residents aged 12 and older are spread out over a large area and in a number of towns, some of which are well known nationally for having the national low temperature on any given day, such as Caribou and Houlton. While not in any Arbitron Radio total survey area, the county makes up the entire Presque Isle ADI.

Some local stations exist in Aroostook County, including one AM and one FM in Caribou, one AM and one FM in Houlton, one AM in Monticello, one FM that was not on the air yet in Van Buren, and two AMs and five FMs in Presque Isle. Four translators exist, one in Houlton rebroadcasting a Presque Isle station, and three in Madawaska, also rebroadcasting Presque Isle stations. Thus, there are 12 signals available in various parts of Aroostook County, not including the new FM station in Van Buren at the geographic top of the area. Thirty five diaries were returned in the spring, with 49 mentions listing 17 different stations. This is an area where more competition comes into play from Canadian stations, which while not regulated or licensed by the FCC, are still part of the market.

Schoolcraft County, Michigan

This county is in the eastern half of Michigan's Upper Peninsula (U.P.), a sparsely populated and isolated part of the country. Schoolcraft's 6,900 12+ population is part of the Northwest Michigan total survey area and the Traverse City-Cadillac ADI. Yet, the county is a good distance across Lake Michigan from Traverse City also quite a way from Marquette, the U.P.'s largest city to the northwest.

The county seat is Manistique, which boasts one radio station, WTIQ-AM, and no translators. Even with this seeming isolation and lack of radio signals, WTIQ faces a good deal of competition as the 23 diarykeepers in Schoolcraft county gave 58 mentions to 22 different radio stations.

Carter County, Montana

Carter County is in the far southeastern corner of Montana on the border with South Dakota, yet very near the North Dakota line with Wyoming to the south. It has the smallest 12+ population of any county to be examined in this report, only 1,500 people 12 or older. Carter County is in the Rapid City Total Survey Area (TSA) and the Rapid City ADI. There are no local radio stations in the county seat of Ekalaka or any other community there and no translators are operating in Carter County.

In the Spring, 1988 survey, 23 diaries were returned from this county with 61 mentions to a total of 22 different radio stations. Despite the distance to Rapid City, which is well to the southeast of the county, the residents of this county had plenty of different radio stations to listen to.

Towner County, North Dakota

Towner County is definitely part of the great open spaces of North Dakota. It is near the middle of the state, part of the Bismarck radio TSA, yet in the Fargo ADI for television. It borders Manitoba to the north. The county seat is Cando and Towner County boasts other settlements with names like Crocus, Rocklake, Pasha, Bisbee, and Arndt. A total of 3,600 people twelve and older live there, according to Arbitron's published estimates.

There are no local radio stations in Towner County and no translators. Sixteen diaries were returned from Towner County listing 36 mentions to 14 different radio stations.

Texas County, Oklahoma

There are three counties that make up the Oklahoma panhandle. Texas County is the middle one with a population of 14,500 people aged 12 and older. It is part of the Amarillo market for both radio and television, and Liberal, Kansas is just northeast of the county border.

There are two radio stations listed in the county seat of Guymon, KGYN-AM and KKBS-FM, although the later was not on the air at the time the yearbook was printed. Panhandle State University in Goodwell, to the southwest of Guymon, owns KPSU-FM operating with a total of 380 watts. There is also a translator in Guymon, rebroadcasting KANZ from Garden City, Kansas.

In Texas County, 16 people sent back their diaries this spring with a total of 47 mentions to sixteen different radio stations.

Erie County, Pennsylvania

As a change, we will examine a metropolitan county with a city of some size to show how much competition exists in a more populated area. Erie County is the one part of Pennsylvania that touches a great lake, abutting Lake Erie. New York is to the east of the county, with Ohio on the west. The county has a 12+ population of 231,000 people.

The city of Erie has four AM stations and 5 FM operations. The nearby town of North East has another AM and FM, and Union City in the southeast part of the county has WCTL-FM. There are also translators in Erie County, two in the city of Erie, one rebroadcasting WCTL and the other bringing in WCLV from Cleveland. The nearby town of Kearsarge is listed as having a translator rebroadcasting WMDI from McKean, which is also in Erie County, however WMDI is not listed in the Broadcasting yearbook nor does it appear in the NAB files. There are supposed to be 14 licensed signals coming from Erie County.

As Erie is a metro area by itself, Arbitron places a large number of diaries there. A total of 734 were returned which included 1,575 unduplicated mentions, resulting in the listing of 92 different radio stations. This probably includes stations from Buffalo and Cleveland, and closer competition from Jamestown, Warren, and Ashtabula. Apparently, listeners in Erie have quite a few format choices. However, only 12 stations were listed in the Spring, 1988 Arbitron LMR for Erie.

Edgefield County, South Carolina

Edgefield County sits in the southwestern part of South Carolina, near Augusta, Georgia. Some 14,500 people twelve and older live there, some in the county seat of Edgefield that does not have any radio stations, and some to the east in Johnston, which has WJES-AM and WKSX-FM. There are no translators operating in Edgefield County.

As Edgefield is close to Augusta, it is worth mentioning that Augusta has seven AM and six FM stations, some of which can put high quality signals into the county. A total of 33 people returned Arbitron diaries in the spring with 71 mentions to 26 different radio stations.

Edmunds County, South Dakota

The last county described here is Edmunds County, in the northern part of South Dakota, the first county west of Aberdeen. It is not in any Arbitron radio market and its television ADI is Sioux Falls-Mitchell. The county seat is Ipswich and Edmunds County is home to 4,300 people 12 and older. There are no radio stations or translators licensed to Edmunds County.

Despite the lack of local media, the 26 people who returned diaries from this county gave 82 mentions to 19 different radio stations. While the residents would probably like to have a local radio station, economic survival in a county of 4,300 people with such intense competition would be problematic.

Conclusion

This study has shown the amount of different stations available to and used by radio listeners at both the macro and micro level. The average county or county part had over 26 stations listed and even the most rural areas averaged a large number of stations with some reported listening.

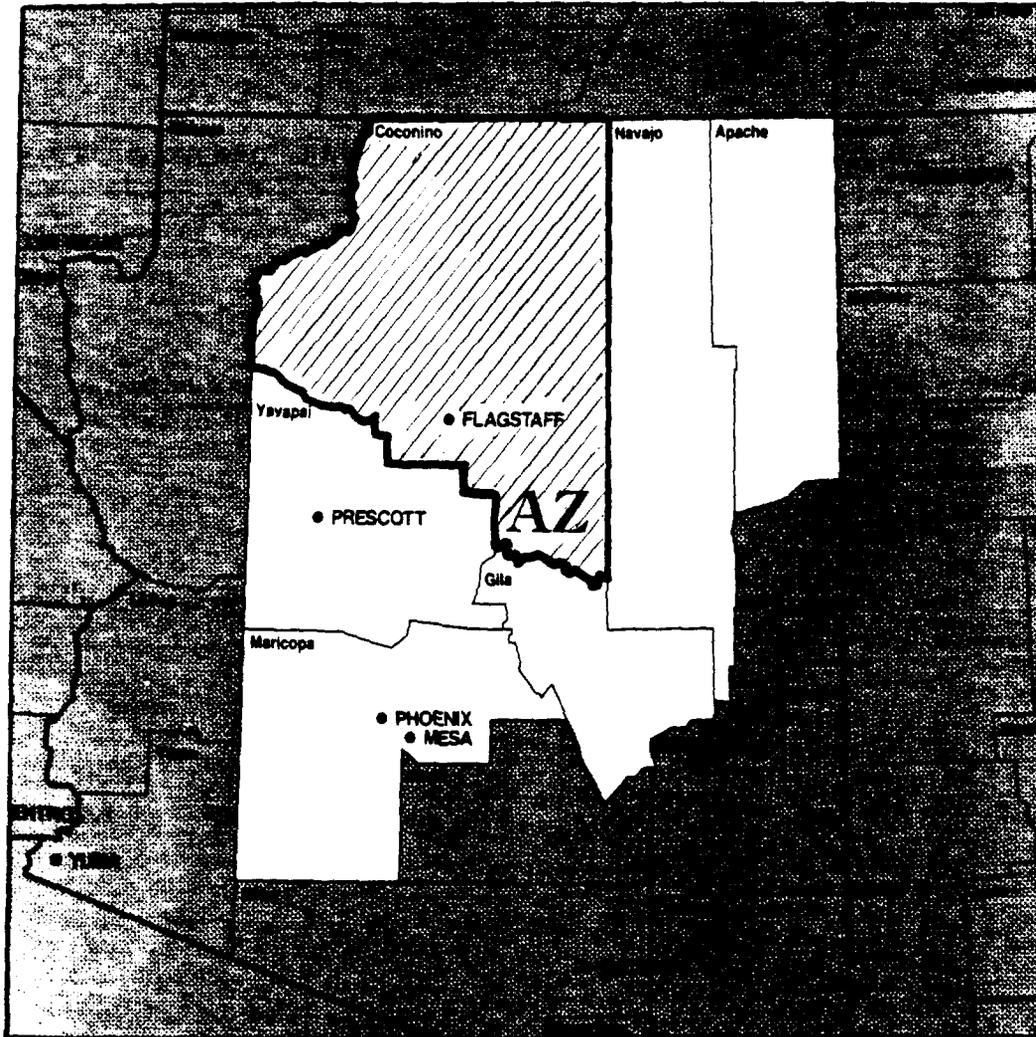
ATTACHMENT A
COUNTY MAPS

FLAGSTAFF

MEAN TEMPERATURE - JANUARY N/A
 MEAN TEMPERATURE - JULY N/A
 MEAN ANNUAL PRECIPITATION N/A

TIME ZONE - MOUNTAIN
 SQUARE MILES - 18,608

Coconino County, Arizona



© Arbitron Ratings Company

Metro ADI TSA

ADI MARKET SUMMARY DATA

TELEVISION STATIONS

NETWORK 1
 INDEPENDENT 0
 PTV 0

RADIO STATIONS

NETWORK AM N/A
 NETWORK FM N/A
 INDEPENDENT AM N/A
 INDEPENDENT FM N/A

CABLE SYSTEMS 14

SALES & CENSUS DATA

MEDIAN INCOME PER HH \$22,951
 MEDIAN VALUE HOUSING 55,600
 RETAIL EXPENDITURES PER HH 19,442

NEWSPAPERS

AM/ALL DAY 0
 PM 1
 SUNDAY 1

POPULATIONS IN TV HH

TOTAL WOMEN 29,700
 TOTAL MEN 29,800
 TOTAL TEENS 7,900
 TOTAL CHILDREN 15,400
 TOTAL PERSONS 82,800
 TOTAL BLACK PERSONS 1,200
 TOTAL HISPANIC PERSONS 9,300

MAGAZINES

WITH CIRCULATION OVER 10,000 0

COMPLETE MARKET DATA ON FOLLOWING PAGES