Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
2018 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996	))	MD Docket No. 18-349

COMMENTS OF
CRC BROADCASTING COMPANY, INC.

CRC Broadcasting Company, Inc. ("CRC")[1] submits these comments in response to the Commission's *Notice of Proposed Rulemaking*[2] ("*2018 NPRM*") relative to the review of broadcast ownership rules, and in particular the Local Radio Ownership Rule and proposals to modify same as discussed in the *2018 NPRM*.

The *2018 NPRM* invites comments on various revisions of the existing rule, which currently allows:

> "….an entity to own: (1) up to eight commercial radio stations in radio markets with at least 45 radio stations, no more than five of which may be in the same service (AM or FM); (2) up to seven commercial radio stations in radio markets with 30-44 radio stations, no more than four of which may be in the same service (AM or FM); (3) up to six commercial radio stations in radio markets with 15-29 radio stations, no more than four of which may be in the same service (AM or FM); and (4) up to five commercial radio stations in radio markets with 14 or fewer radio stations, no more than three of which may be in the same service (AM or FM), provided that the entity does not own more than 50 percent of the radio stations in the market unless the combination comprises not more than one AM and one FM station. When determining the total number of radio stations within a market, only full-power commercial and noncommercial radio stations are counted for purposes of the rule. Radio markets are defined by Nielsen Audio Metros where applicable, and the contour-overlap methodology is used in areas outside of defined and rated Nielsen Audio Metro markets.[3]

---

[1] CRC is an FCC licensee of KFNN, a Class D AM station, and KQFN, a Class B AM station, both licensed to the Phoenix AZ radio market, with an affiliated company holding 2 AM licenses in the Palm Springs, CA market.
[2] *Notice of Proposed Rulemaking* in MD Docket No.18-349 (rel. December 13, 2018)("*2018 NPRM")*
[3] *2018 NPRM* at Paragraph 11.

CRC's comments are related to anticipatory proposal advanced by the NAB prior to issuance of the 2018 NPRM to partially retain AM/FM subcaps on the number of stations any entity can own in a defined market. Specifically, NAB proposed in a letter to the Commission[4] that:

"….an entity in the top 75 Nielsen Audio Metro markets to own or control up to eight commercial FM stations and unlimited AM stations in any of those markets. NAB also proposes that entities in those markets should be permitted to own up to two additional FM stations if they participated in the Commission's incubator program. Finally, NAB proposes eliminating all limits on FM and AM ownership in all other markets." [5]

The 2018 NPRM, at paragraph 30, requested comment on whether the AM/FM subcaps should be retained or modified and whether they are still necessary to facilitate AM revitalization.

CRC, as the licensee of two AM stations in the #14 Phoenix radio market, endorses retention of the FM service subcaps as suggested by the NAB but would further recommend retention of the FM service subcaps as currently written, basing the number of FM stations any entity can hold in proportion to the overall number of stations in that particular market. If the FM subcaps were eliminated or modified, the FM stations owned by independent broadcasters would be irreparably damaged as the major radio groups would consolidate their holdings in their markets and buy out independent broadcasters, thus diminishing diversity and localism on the FM dial. Concurrently, aspects of the subcap proposals would also facilitate the same large group owners to sell their AM holdings in the same markets where they are acquiring FM stations, decimating AM station values and driving many independent AM owners out of business, contrary to

[4] Letter from Rick Kaplan et al., Legal and Regulatory Affairs, NAB, to Michelle Carey, Chief, Media Bureau, FCC, at 1-4 (filed June 15, 2018).
[5] 2018 NPRM at Paragraph 13.

the stated policy to encourage AM revitalization. CRC's experiences in the Phoenix market are illustrative on this issue. It has been an AM licensee in the market since 1988 and in the most recent 5 years has seen FM group owner domination of the advertising revenues (both local and national) in the Phoenix market, making CRC's business viability more and more tenuous, while simultaneously driving down AM station valuations since they are generally a factor of revenue production. Although the AM Revitalization proceeding has helped stem some of the bleeding, the underlying issues still remain and make it virtually impossible to engage in the type of capital investments which could serve to improve AM facilities.

As to the question of whether the subcaps have promoted market entry,[6] CRC believes that they have promoted market entry and that elimination of same would reduce or prohibit market entry by new licensees on the FM band. While elimination of FM subcaps might increase market entry on the AM Band due to the aforementioned liquidation by large groups of AM stations as an ancillary effect of eliminating FM subcaps, the incremental benefit of AM market entry would be far outweighed by the decimation in value to existing AM broadcasters, along with destruction of capital financing options (since collateralization will be severely diminished) and CRC believes the net effect would be a diminishment of AM licenses, again contrary to the stated desire to effectuate AM revitalization.

As to the question of whether subcaps are still necessary given the FCC's efforts to revitalize AM Radio[7], CRC believes that relaxing the subcaps as contemplated in the *2018 NPRM* would undo all the advances that the FCC has made in the *AM*

---

[6] 2018 NPRM at Paragraph 31
[7] 2018 NPRM at Paragraph 31

Revitalization[8] proceeding to enable AM broadcasters to better compete in their radio markets. Larger FM clusters caused by subcap elimination will further erode AM broadcasters' ability to participate in local and national advertising buys. The current disparity in scale causes large radio groups to control up to 99% of all national ad revenue in many large radio markets. Elimination of the FM subcap will only increase the irrelevancy of AM service even further when it comes to advertisers, and divert any traction that AM broadcasters have begun to make through the AM Revitalization proceedings with advertisers by being able to jointly offer an AM signal and an FM translator signal to advertisers.

CRC believes that if the Commission is desirous of making a change, the only appropriate subcap relaxation should be for AM ownership in a radio market. Eliminating the subcaps on AM ownership in a radio market would enable large group owners to increase their presence if desired in that market and offer an opportunity to stabilize AM radio valuations by increasing demand for same. This would permit the Commission to test its theory that the disparity between FM and AM stations has been suitably narrowed to permit elimination of subcaps entirely without adversely affecting AM licensees, as it would seem unlikely that FM licensees would divest holdings in a rush to acquire AM facilities.

Conclusion

For the foregoing reasons, CRC requests the Commission retain the existing subcaps for the Local Radio Ownership Rule or if desired, test the theory that subcaps are not necessary by first eliminating AM subcaps and studying the effect of same.

---

[8] Revitalization of AM Service, MB Docket 13-249

Respectfully Submitted

Anthony T. Lepore, Esq.
Radiotvlaw Associates, LLC
Counsel for CRC
4101 Albemarle St NW #324
Washington, DC 20016-2151
202.681.2201 (Tel)
anthony@radiotvlaw.net
February 7, 2019