Before the

Federal Communications Commission

Washington, DC 20554

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| 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  To: The Commission | **)**  **)**  **)**  **)**  **)**  **)**  **)** | MB Docket No. 18-349 |

**COMMENTS**

Mount Wilson FM Broadcasters, Inc. (“Mount Wilson”) opposes raising the limit on the number of radio stations an entity is allowed to own in radio markets with at least 45 radio stations under the Local Ownership Rule. Mount Wilson also opposes the current proposal to raise the broadcast radio subcaps for AM and FM stations. Mount Wilson owns an AM/FM combo in the Los Angeles market – KKGO(FM), Los Angeles, and KSUR(AM), Beverly Hills, California - as well as KNRY(AM) and KIDD(AM) in Monterey, California. Mount Wilson has commented in the past that limiting the number of radio stations an entity can own promotes competition, which is in the public interest, and raising the caps results in consolidation and harms competition. We recommend reducing the number of stations one company can own in a community, and we oppose the proposal to raise the radio broadcast subcaps.

In previous Quadrennial Reviews, Mount Wilson submitted formal Comments, including the attached “Written Ex Parte Comments, 2014 Quadrennial Regulatory Review,” dated May 10, 2017, and “Addendum to Mt. Wilson Reply Comments in Response to NAB Reply Comments Pertaining to Local Radio Ownership Limits,” filed July 3, 2012. Mount Wilson believes the same public interest harms occur today as were described in the 2017 and 2012 comments, and further harm will occur by lifting the AM/FM subcaps.

Currently, the Local Radio Ownership Rule already allows an entity to own up to eight commercial radio stations in markets with at least 45 radio stations. By allowing group owners to freeze out competition from operators of single AM or FM stations, this rule increases unfair competition and harms the radio broadcast industry. I personally built KKGO in Los Angeles when FM was an upstart technology in 1959 and continue to serve as general manager. My children work in the business with me. We have competed in that market as a small operator despite the increased consolidation. Removal of the subcaps would substantially impair Mount Wilson’s ability to compete against large owners in the market, such as iHeart and Entercom.

A major problem with large co-owned clusters is that they use their dominance to sell to both local and national advertising accounts. Licensees will include some stations as a bonus or others with very low rates with the goal of obtaining the entire advertising buy for the cluster. Such practices leave no opportunity for other competitive small operators such as Mount Wilson to participate in the order. If large operators were prohibited from offering all or part of their clusters as bonuses or at special low-balled rates, small operators would not be excluded from advertising buys. If the subcaps are removed, restrictions on how large groups can undercut non-aligned operators through use of bonuses, low-balling, and tying stations together would mitigate the adverse impact on small independent broadcasters in the market.

This problem is exacerbated by the disparity between station classes. Throughout the country the big broadcast groups own most of the 50,000-watt low-frequency AM stations. A 500-watt daytime AM station at 1600 kHz is not the same as a 50 kW station operating at 640 kHz. AM stations owned by independent operators typically have low power at nighttime, and their daytime contours do not even cover the entire market. The daytime contour for Mount Wilson’s KSUR at 1260 kHz covers only half the Los Angeles market. It must reduce power at night to nearly one-third its daytime power thereby shrinking even further its nighttime audience reach compared to larger AM stations in the market.

Below are some of the prime AM stations owned by iHeart and Entercom licensed to Los Angeles:

KFI – 50,000 watts at 640 kHz

KNX – 50,000 watts at 1070 kHz

KLAC – 5,000 watts at 570 kHz

KEIB – 50,000 watts at 1150 kHz

These stations have either high power or good (lower) frequencies or both. For instance, even though KLAC operates with 5,000 watts, that power is the equivalent of 50,000 watts higher up on the frequency band.

As with smaller AM stations, many of the independently-owned FM stations in Los Angeles are the small Class A stations, each covering only a fraction of the Los Angeles market. They must try to compete with large Class B FM stations operating with 50,000 watts to 75,000-watt high-elevation stations such as iHeart’s KYSR, with 75,000 watts at 360 meters HAAT, and KBIG with 65,000 watts at 928 meters HAAT.

Meanwhile, HD has become significant in major markets. As of 2018, 50% of new cars sold in the U.S. have HD Radio, a percentage that is expected to further increase in the near future.[[1]](#footnote-1) Currently, large group owners with five FM stations have the ability to add four HD channels to the main program streams. That means, by counting five times four HD channels plus the main channel, iHeart and Entercom have the ability to own 25 FM broadcast program streams in Los Angeles. The number of HD channels does not get factored into compliance with the caps. If the maximum FM subcap remains at five, that amounts to having 25 FM channels per cluster. If the subcap maximum is raised to eight FM stations as proposed, that number jumps to 40 FM channels. For AM stations, the number is unlimited.

Some HD program streams are repeated with translators. For example, Cumulus’ KKOB(AM), Albuquerque, New Mexico, has a 250 watt translator on 10,000 foot high Sandia Mountain with the equivalent of a 50,000-watt FM station.[[2]](#footnote-2) In Las Vegas, Beasley paid $700,000 for a high elevation FM translator on the Stratosphere with 250 watts, which will cover all of Las Vegas and more.[[3]](#footnote-3) These HD signals, either through HD radios or as rebroadcast on FM translators, enlarge the potential market share and the number of signals for group owners without the need to lift the local radio caps.[[4]](#footnote-4)

Prior to the Telecommunications Act in 1996, local radio was a creative and community-oriented service. Competing with many other operators, each with no more than an AM/FM combo, fostered a vibrant creative process. Competition benefitted the public, as evidenced through young people making careers in broadcasting. Now, although radio currently reaches 92% of adults in the U.S. and continues to be the leading media source,[[5]](#footnote-5) local radio faces increasingly burdensome challenges. Radio station layoffs are common as a result of over-leveraged group owners, [[6]](#footnote-6) and there are few locally-owned, family-operated stations in the market competing against goliaths. Consolidation is increasingly being recognized by policymakers as anti-competitive; candidates for President like Elizabeth Warren have called for major conglomerates like Google, Facebook, and Amazon to be broken up.[[7]](#footnote-7)

Radio as a competitive, creative medium, is worse off today. The broadcast industry faces extinction as a local service if additional consolidation is allowed. Open competition by multiple operators, increased viewpoint diversity, improved local employment, and inspiring creative solutions stand out with the competition. Mount Wilson has survived by operating niche formats (Jazz, Classical, and, yes, Country in L.A.) because a need in the community for these formats exists despite limited revenue opportunities which make such formats unattractive to large group operators. The radio broadcast industry would be well served by more owners with a passion for radio and public service, not by greater local consolidation.

Respectfully submitted

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1. See [www.insideradio.com/more-than-half-of-new-cars-now-equipped-with-hd/article\_055842a0-3f18-11e9-af44-abb5c736f701.html](http://www.insideradio.com/more-than-half-of-new-cars-now-equipped-with-hd/article_055842a0-3f18-11e9-af44-abb5c736f701.html); [www.insideradio.com/free/xperi-connected-radio-will-ramp-up-faster-than-hd-radio/article\_eb220a26-9c6d-11e8-aaba-5b82b7e4d1e4.html](http://www.insideradio.com/free/xperi-connected-radio-will-ramp-up-faster-than-hd-radio/article_eb220a26-9c6d-11e8-aaba-5b82b7e4d1e4.html). [↑](#footnote-ref-1)
2. See [radioink.com/2016/09/01/kkob-gets-boost-thanks-fm-translator/](http://radioink.com/2016/09/01/kkob-gets-boost-thanks-fm-translator/). [↑](#footnote-ref-2)
3. See [www.insideradio.com/free/big-translator-deal-will-create-flush-beasley-signal-in-vegas/article\_61eafd9c-6a8a-11e6-a390-172449ce5afe.html](http://www.insideradio.com/free/big-translator-deal-will-create-flush-beasley-signal-in-vegas/article_61eafd9c-6a8a-11e6-a390-172449ce5afe.html). [↑](#footnote-ref-3)
4. See [www.insideradio.com/hd-radio-fm-translators-a-marriage-made-in-tech-heaven/article\_2baea754-7845-11e8-8003-db8a924ac769.html](http://www.insideradio.com/hd-radio-fm-translators-a-marriage-made-in-tech-heaven/article_2baea754-7845-11e8-8003-db8a924ac769.html). [↑](#footnote-ref-4)
5. See [www.insideradio.com/nielsen-media-usage-shifts-but-radio-remains-consistent/article\_b85f5084-4add-11e9-82b5-8b36b88eeeb2.html](http://www.insideradio.com/nielsen-media-usage-shifts-but-radio-remains-consistent/article_b85f5084-4add-11e9-82b5-8b36b88eeeb2.html). [↑](#footnote-ref-5)
6. See [variety.com/2017/biz/news/iheartmedia-layoffs-results-bankruptcy-1202409556/](http://variety.com/2017/biz/news/iheartmedia-layoffs-results-bankruptcy-1202409556/); [blowmeuptom.com/victims-of-radio/](https://blowmeuptom.com/victims-of-radio/). [↑](#footnote-ref-6)
7. See [www.politico.com/story/2019/03/17/democrats-candidates-2020-tech-silicon-valley-1229345](http://www.politico.com/story/2019/03/17/democrats-candidates-2020-tech-silicon-valley-1229345). [↑](#footnote-ref-7)