

Before the  
Federal Communications Commission  
Washington, DC 20554

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

**COMMENTS OF WBOC, INC.**

WBOC, Inc. ("WBOC") hereby provides these Reply Comments in response to the Commission's Notice of Proposed Rulemaking in the above-captioned docket.<sup>1</sup> WBOC supports the proposal of the National Association of Broadcasters ("NAB") for reform of the local radio ownership rules and agrees with commenters advocating further reform of the local television ownership rules.

**I. INTRODUCTION**

Since 1967, the family business founded by broadcast pioneer Thomas H. Draper has proudly served the local needs and interests of viewers on the Delmarva Peninsula. Today, WBOC remains family-owned and operated by Mr. Draper's daughter Molly Russell, with one full-power television station WBOC-TV and several low-power television stations as well as four FM and one AM radio stations located throughout Delmarva. A lot has changed over those five decades, but WBOC's mission to bring the highest quality local news, sports, weather, and entertainment programming its viewers and listeners has only deepened with time.

WBOC still believes that there is a place in today's media landscape for family-owned businesses with a local focus, but the economics of small-market broadcasting are such that it is

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<sup>1</sup> See 2018 Quadrennial Regulatory Review, *Notice of Proposed Rulemaking*, MB Docket No. 18- 349, FCC 18-179 (Dec. 13, 2018) (the "*NPRM*").

getting harder and harder to operate without achieving significant local scale. Today WBOC finds itself beset by competitors on both the television and radio business that can use the Internet to go straight to customer homes, bypassing the huge fixed infrastructure costs that broadcasters face. These competitors are essentially unregulated, giving them a significant advantage over traditional broadcasters like WBOC. Local advertisers have noticed the burgeoning popularity of these new media alternatives and are increasingly shifting their dollars to these new media alternatives. The cost of obtaining top notch entertainment programming also continues to spiral upward, placing significant additional pressure on station bottom lines. The business still works, but it gets more challenging every year.

One way to answer these competitive challenges is by owning multiple stations and gaining efficiencies in combining some operating costs while reaping multiple revenue streams. Which is why when WBOC decided to get back into local radio a few years ago, it didn't stop with buying one station; it bought 4 FM stations and one AM station. Combining ownership of these stations is not about scrimping on local content – it's about maximizing the resources available to expand local content. For example, when WBOC purchased NBC-affiliated low-power television station WRDE-TV last year, the company had a minor news presence in Delmarva, with a local newscast that is produced at a central-cast location in the Midwest. WBOC is in the process of investing substantial sums in upgrading WRDE-TV's local news operation to add an entirely new news source focused on the coastal region of Delmarva.

The Commission's outdated local radio and television ownership rules only stand to get in the way of these kinds of efficient transactions that are designed to bring the same high quality of service to small market listeners and viewers that residents of large markets take for granted.

The Commission should move decisively in this proceeding to reduce the obstacles to local service created by the existing Commission rules.

## **II. WBOC SUPPORTS NAB'S PROPOSAL FOR REFORM OF THE LOCAL RADIO OWNERSHIP RULES.**

WBOC operates five radio stations on Delmarva in the Salisbury-Ocean City Nielsen Metro Market, which is ranked 134 out of 263 Nielsen radio markets. In its 2018 comments in the FCC's *Communication's Marketplace Report* proceeding, WBOC provided substantial evidence of new competitive reality in the local radio industry and made the case for why relaxation of the local radio ownership is warranted.<sup>2</sup> Rather than repeat those comments here, WBOC requests that they be incorporated into the record of this proceeding.

NAB's comments in this proceeding are provide an even more thorough examination of changes to the radio industry that justify ownership rule relief, and its description of the competitive landscape is consistent with WBOC's experience in operating its local radio group.<sup>3</sup> NAB's proposed rule changes would be the right first step in ensuring that the local radio rules do not unduly restrict the ability of small-market broadcasters to compete fairly with its many new competitors. Specifically, WBOC strongly supports NAB's proposals to remove all caps on AM station ownership and to remove all local ownership limits for markets ranked by Nielsen below to top 75. This change would give small-market broadcasters like WBOC the freedom to purchase additional stations when the business dictates it to maintain the top-quality service it wants to provide.

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<sup>2</sup> See Comments of Local Community Broadcasters, MB Docket No. 18-227, filed Sept. 24, 2018.

<sup>3</sup> See Comments of the National Association of Broadcasters at 7-28 (the "NAB Comments").

WBOC urges the Commission to disregard the concerns raised about NAB's proposal raised by iHeart Communications, Inc. ("iHeart").<sup>4</sup> iHeart essentially argues that the Commission should not allow greater levels of FM station ownership because doing so would undermine Commission efforts to improve service in the AM band.<sup>5</sup> From both a consumer perspective and a competitive perspective, it's hard to overestimate how wrongheaded this argument is. Delmarva listeners are entitled to get the best, free over-the-air radio service available. If they can't get the services they want from local radio providers like WBOC, they will turn to the numerous new competitors WBOC faces. WBOC's competitors aren't waiting to see how AM revitalization turns out. WBOC shouldn't have to wait either to make moves to meet those unregulated competitors on a level playing field. And listeners shouldn't have to wait to get the highest quality free local radio services WBOC can provide. Of course, WBOC completely supports AM revitalization, but if that revitalization rests on artificial FM ownership restrictions, it won't be durable enough to survive the competitive onslaught that local radio now faces. iHeart's arguments don't provide any basis for rejecting NAB's proposal, which the Commission should adopt in full.

### **III. WBOC SUPPORTS COMMENTERS SEEKING SMALL-MARKET DUOPOPLY RELIEF.**

WBOC also supports broadcasters' requests in this proceeding for liberalization of the Commission's local television ownership rules to ensure that small-market viewers have access to the highest quality local programming.<sup>6</sup> As NAB exhaustively catalogues, the television market has changed drastically in the last several years and those changes have fallen hardest on

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<sup>4</sup> See Comments of iHeart Communications, Inc. at 29-36.

<sup>5</sup> See *id.* at 33-36.

<sup>6</sup> See, e.g., NAB Comments at 43-82; Comments of Gray Television, Inc. at 7-18; Comments of Meredith Corp. at 2-4; Comments of Nexstar Broadcasting, Inc. at 5-14.

small-market broadcasters.<sup>7</sup> All WBOC has to add is that it has experienced the impact of new competition first hand in the small Salisbury DMA (ranked 138 out of 210). While WBOC has been able to meet the competitive threat so far through use of its multicasts and low-power television stations, examples in the comments show that broadcasters in other small markets have been stymied by the local ownership rules and unable to do the same.<sup>8</sup>

In WBOC's experience, local ownership of multiple high-value program streams is necessary to make the economics of running a top-quality local news and information operation in an era of stagnating advertising revenue and rampant competition. The reality is that in small markets where revenues are scarce but competition is fierce and operating costs remain high, the traditional model of running a single television station, even if it is a Big 4 affiliate simply will not sustain the kind of quality service that viewers should be able to expect from their local broadcasters. Unfortunately, it appears that in too many markets, the local television ownership rule is not a barrier to high-quality local service. The Commission should make whatever changes are necessary to ensure that changes.

WBOC also agrees with those commenters who oppose changing the way that multicast streams, low-power television stations, and satellite stations are considered under the local television ownership rule. The current rule discounts them, which provides some opportunities for small market broadcasters to both offer maximum service to their communities and remain in compliance with the rules. Because of the way the rule is written, Salisbury viewers are able to have access to over-the-air program streams of each of the Big 4 networks even though there are only two full-power television stations in the DMA. If the Commission started considering low-

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<sup>7</sup> See NAB Comments at 43-57.

<sup>8</sup> See Gray Comments at 4-7.

power or multicast streams to be the equivalent of full-power stations, that would not be possible. Indeed, such a change would result in substantial re-regulation of local ownership in small markets and would cause real damage to the breadth and quality of service enjoyed by small market viewers. That would not be in the public interest or consistent with the Commission's statutory mandate in this proceeding to remove regulations that are no longer in the public interest as a result of competition.<sup>9</sup>

#### **IV. CONCLUSION**

For the reasons stated above, WBOC urges the Commission to reform its rules as requested herein.

Respectfully submitted,

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<sup>9</sup> The Telecommunications Act of 1996, Pub. L. No. 104-104 §202(h), 110 Stat. 56 (1996).