Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of	)	
	)	
Review of the Commission's Regulations Governing Television Broadcasting	)	MM Docket No. 91-221
	)	

To: The Commission

REPLY COMMENTS OF MORGAN MURPHY STATIONS

Morgan Murphy Stations ("Morgan Murphy"), by its attorneys, hereby files its reply comments in response to the Notice of Proposed Rulemaking ("NPRM"), FCC 92-209, released in the above-captioned docket on June 12, 1992. In support whereof, Morgan Murphy shows as follows:

A review of the comments submitted in this proceeding reveals a wide-spread consensus that the Commission's structural ownership limitations need to be substantially relaxed, if not eliminated, if television broadcasters are to remain viable competitors in today's thriving video marketplace. The debate centers on the extent and nature of the changes that should be made in the rules.

In its Comments, Morgan Murphy proposed that the one-to-a-market rule be repealed in favor of allowing television station ownership of radio stations subject only to the local and national ownership caps. Morgan Murphy supported the Commission's proposal to change the signal contour used to determine prohibited overlap of television stations under the duopoly rule from Grade B to Grade A. Morgan Murphy also proposed that the FCC adopt an ownership cap

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on TV-TV combinations which is staggered to allow more combinations in larger markets, similar to that implemented in connection with the recent revision of the radio rules. Report and Order, MM Docket No. 91-140, 7 FCC Rcd 2755 (1992), on recon. Memorandum Opinion and Order, FCC 92-361, ____ FCC Rcd ____ (1992) ("Radio Ownership"). Morgan Murphy demonstrated that these changes would promote competition and diversity by enabling stations to compete more effectively with multichannel video service providers within their Areas of Dominant Influence.

Morgan Murphy is not alone in its views. Indeed, the great majority of commentors in this proceeding, including the National Association of Broadcasters, the major broadcast networks and the vast majority of broadcasters, have advanced similar if not identical positions. Common to all of these comments is the basic recognition that the FCC's current structural ownership limits actually undermine the Commission's long standing goals of competition and diversity by making it unnecessarily difficult for television broadcast stations to compete in today's robust video marketplace. The comments filed in this proceeding clearly demonstrate that by artificially denying stations efficiencies that could be realized through consolidation of operations, the current ownership restrictions increase the costs of doing business at a time when cost savings are critical to the very survival of television broadcasters.[1]

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[1] The FCC used a similar analysis to support its relaxation of the radio ownership rules. See Radio Ownership, 7 FCC Rcd at 2774.

As a group owner operating in small and medium size markets,[2] Morgan Murphy can attest to the efficiencies inherent in joint ownership and/or consolidated operations. For example, the stations which comprise Morgan Murphy's AM/FM/TV combination in Spokane, WA share a single news and public affairs director, as well as other key personnel. The stations have also merged certain facets of their news operations. This arrangement permits significant cost savings which can be directed to capital improvements and increased financing of news, public affairs and other programming. The stations can do more with the same resources. The end result is a superior news product and improved service to the public.

Morgan Murphy's Fargo, ND television station shares news costs and on-air personnel with a radio station in the market. The stations also engage in cross promotions and purchase time from one another. The resulting efficiencies enable Morgan Murphy to realize cost savings in the six figure range. Again, these cost savings translate directly into improved programming and service to the public.

Both station KAPP-TV, Yakima, WA and sister station KXLY-TV, Spokane, WA contribute news spots to the late afternoon and 11:00 p.m. combined newscast of KAPP and its satellite station in Kennewick, WA, KVEW-TV. Indeed, all weather reports for the three stations originate from KXLY-TV's studios in Spokane. This

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[2] Morgan Murphy Stations is comprised of the following broadcasters: Spokane Radio, Inc. (KXLY-AM and KXLY-FM, Spokane, WA); Spokane Television, Inc. (KTHI-TV, Fargo, ND; KXLY-TV, Spokane, WA); Television Wisconsin, Inc. (WISC-TV, Madison, WI); and Apple Valley Broadcasting, Inc. (KAPP-TV, Yakima, WA; KVEW-TV, Kennewick, WA).

arrangement allows each of these stations to provide much more in-depth and comprehensive coverage of news events than would otherwise be possible, to the benefit of the viewing public.

These are but a few of the specific examples to which Morgan Murphy could point to highlight the efficiencies inherent in joint operations which would be fostered by elimination or modification of the cross-ownership and duopoly restrictions. When these specific examples are viewed in the context of the numerous other examples offered by the various commentors in this proceeding, it becomes obvious that freeing broadcasters of the current ownership limitations translates directly into substantial benefits to the viewing public.

Those commentors who oppose relaxing the current ownership limitations argue that such action would undermine diversity and competition.[3] However, the Commission's own data reveals that even small markets now have a considerable number of viewing choices.[4] In any event, Morgan Murphy and other commentors have convincingly demonstrated that allowing joint operations under common ownership actually promotes competition and diversity.

Television broadcasters now face fierce competition from a variety of multichannel service providers, including cable television, wireless cable and satellite delivery systems, none of which are subject to the ownership restraints currently imposed on broadcasters. With the introduction of new technologies such as Direct Broadcast Satellites and HDTV, and through the use of video

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[3] See, e.g., comments of Malrite Communications Group, Inc.

[4] NPRM, at 3, 14.

compression techniques, this competition will continue to increase. Television broadcasters cannot reasonably be expected to effectively compete in such an environment without the benefit of the operational efficiencies and cost savings currently enjoyed by their competitors. It is no exaggeration to say that relaxation of the structural ownership limits in the manner proposed by Morgan Murphy and numerous other commentors in this proceeding is crucial to the continued survival of television broadcasting.

WHEREFORE, the premises considered, Morgan Murphy again urges the FCC to repeal the one-to-a-market rule, relax the duopoly rule as set forth above, and otherwise free broadcasters of antiquated regulatory restraints which place them at a distinct competitive disadvantage in today's marketplace.

Respectfully submitted,

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September 23, 1992

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