

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

In the Matter of:	)	
	)	
Applications for Consent to Transfer of Control	)	
and Assignment of Broadcast Television	)	MB Docket No. 18-230
Licenses From Raycom Media, Inc. to Gray	)	
Television, Inc.	)	
	)	

**JOINT RESPONSE TO COMMENTS**

**RAYCOM MEDIA, INC.**

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## EXECUTIVE SUMMARY

As explained in the applications seeking the Commission's consent to Gray's acquisition of Raycom's television stations (the "Applications"), the instant transaction will substantially advance the public interest by improving localism, journalism, and accountability across the combined company's markets. The transaction also will serve the public interest by helping Gray realize the efficiencies of scale and scope necessary to maintain current levels of top quality service and to make the capital investments necessary to improve that service.

Only three parties filed comments on the applications, and none filed petitions to deny. This is unsurprising because the transaction complies with all of the Commission's structural ownership rules and proposes divestitures where necessary to avoid prohibited station combinations. The merged company will reach no more than 24% of U.S. television households, and even commenter American Cable Association ("ACA") concedes that the transaction raises no local ownership consolidation concerns.

The concerns about this transaction raised by DISH Network, ACA, and NCTA are irrelevant to this proceeding. Essentially, they argue that the combined company will wield additional leverage in the retransmission consent marketplace. MVPDs have raised this speculative claim repeatedly in response to television station transactions over the past several years, and the Commission has rightly rejected this argument every time. The retransmission consent marketplace was established by Congress, and the Commission recently reaffirmed the regulatory regime governing that marketplace with only minor changes. The Commenters' suggestion that approval of individual, rule-compliant transactions like this one should be subject to an *ad hoc* review of a merged entity's supposed negotiating leverage is meritless and should be rejected.

Likewise, the Commenters' claim that the merged entity will likely cause more viewer blackouts due to retransmission consent disputes is demonstrably false. Gray has a long history of completing retransmission consent negotiations without service disruptions to viewers, and nothing about the transaction suggests that would change. The merged company will simply have no incentive to withhold programming from any MVPD because each of Gray's revenue streams depends on reaching as many viewing households as possible. The proposed transaction will not increase the likelihood of blackouts or damage viewers in any other way.

The Commenters also fail to show that the Commission should deny Gray's request for approval of Top-Four station combinations in Amarillo and Honolulu. As demonstrated in the applications and herein, each of these station combinations is of long-standing and each has enhanced concrete public interests in its market.

Gray and Raycom therefore request that the Commission grant the Applications without delay.

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**JOINT RESPONSE TO COMMENTS**

Gray Television, Inc., (“Gray”) and Raycom Media, Inc. (“Raycom”) hereby respond to the Comments filed by the American Cable Association (“ACA”), NCTA – The Internet and Television Association (“NCTA”), and DISH Network L.L.C. (“DISH”) (collectively, the “Commenters”) in the above-captioned proceeding.<sup>1</sup>

**I. INTRODUCTION**

This proceeding seeks Commission approval for the assignment or transfer to Gray of certain broadcast television licenses currently held by Raycom.<sup>2</sup> No petitions to deny were filed against the Applications. Instead, ACA, NCTA, and DISH filed comments that recycle their generalized objections to the existing retransmission consent marketplace and restate their preference that broadcast companies stay small while many of the gigantic MVPDs pursue ever

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<sup>1</sup> Comments of the American Cable Association, MB Docket No. 18-230 (filed Aug. 27, 2018) (the “ACA Comments”); Comments of NCTA – The Internet and Cable Association, MB Docket No. 18-230 (filed Aug. 27, 2018) (the “NCTA Comments”); Comments of DISH Network L.L.C., MB Docket No. 18-230 (filed Aug. 27, 2018) (the “DISH Comments”).

<sup>2</sup> See *Media Bureau Establishes Pleading Cycle for Applications Filed for the Transfer of Control and Assignment of Broadcast Television Licenses from Raycom Media, Inc. to Gray Television, Inc., Including Top-Four Showings in Two Markets, and Designates Proceeding as Permit-But-Disclose for Ex Parte Purposes*, Public Notice, DA 18-782 (rel. July 27, 2018) (the applications listed in the Attachment to the Public Notice are referred to herein as the “Applications”).

larger acquisitions. None of the Commenters raised any issue that would justify denying or conditioning grant of the Applications.<sup>3</sup> The retransmission consent issues raised by the Commenters have been rejected by the Commission in previous cases as inappropriately raised with respect to an individual transaction,<sup>4</sup> and, as such, Commenters' attempts to re-litigate Commission decisions in now-final orders constitutes an abuse of the Commission's processes.

Moreover, the Applications make clear that substantial public interest benefits will flow to the communities that Gray will serve if the Applications are granted. Accordingly, the Commission should grant the Applications unconditionally and without delay.

## **II. THE PROPOSED TRANSACTION COMPLIES WITH ALL APPLICABLE COMMISSION RULES AND POLICIES.**

DISH and ACA are simply wrong when they argue that the impact of "national consolidation" on the retransmission consent marketplace provides a basis for questioning the Applications.<sup>5</sup> The FCC has rules governing national audience reach, local station ownership, and the negotiation of retransmission consent, and the Applications demonstrate that the merged company will be in full compliance with all of those rules.<sup>6</sup>

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<sup>3</sup> None of the Commenters supported their Comments with any verified evidence. To the extent that any of the Commenters intended to establish standing or gain party status in this proceeding, each has failed to do so.

<sup>4</sup> See, e.g., *Consent to Transfer Control of Media General, Inc. to Nexstar Media Group, Inc.*, 32 FCC Rcd 183 (2017) ("*Nexstar-Media General*"); *Applications for Consent to Transfer of Control from Shareholders of Belo Corp. to Gannett Co., Inc.*, 28 FCC Rcd 16867 (2013); *High Maintenance Broadcasting, LLC*, FCC File No. BALCDT-20120315ADD, rel. Aug. 28, 2012; *ACME Television Licenses of Ohio, LLC*, 26 FCC Rcd 5198 (2011); *Free State Communications, LLC*, 26 FCC Rcd 10310 (2011); *ACME Television, Inc.*, 26 FCC Rcd 5189 (2011).

<sup>5</sup> See ACA Comments at 2-9; DISH Comments at 6-7.

<sup>6</sup> See 47 C.F.R. §§ 73.3555, 76.65.

Following consummation of the transaction, Gray will have a national audience reach of 24.101%, even without giving effect to the UHF discount.<sup>7</sup> That audience reach falls far short of the 39% national ownership limit placed on television station groups by Congress. In fact, Gray’s post-transaction audience reach complies with every version of the FCC’s cap on national multiple ownership since 1985, when clearly the media landscape was radically different.<sup>8</sup> Since the proposed transaction complies with the FCC’s national audience reach cap, any claim that “national consolidation” should pose an obstacle to grant of the Applications lacks any merit.<sup>9</sup>

On the local level, Gray and Raycom structured the transaction to avoid creating new duopolies. Gray and Raycom recently filed applications to divest stations in nine markets where Gray and Raycom currently both have local television stations.<sup>10</sup> Indeed, even ACA acknowledged that “the transaction [will] not increase *local* consolidation.”<sup>11</sup> Thus, local market consolidation is not an issue in this proceeding.

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<sup>7</sup> After applying the UHF discount, Gray will have a national audience reach of 16.372%, which is less than half of the 39% national television ownership limit established by Congress.

<sup>8</sup> See *Amendment of Section 73.3555(e) of the Commission’s Rules, National Television Multiple Ownership Rule*, Notice of Proposed Rulemaking, 32 FCC Rcd 10785, 10785-10787 ¶¶ 2-4 (2017).

<sup>9</sup> Moreover, in reviewing the “national consolidation” concept, Gray’s household reach will fall well short of DISH’s nearly 100% U.S. household reach (which is shared by AT&T/DIRECTV, whose merger was recently approved) and leave the merged company with a far smaller household reach than the large cable operators with which Gray negotiates on a regular basis. See *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Eighteenth Report, 32 FCC Rcd 568, 573-578 & Table III.A.1. The idea that the merged company’s national audience reach will have a meaningful impact on the national retransmission consent marketplace simply lacks any credibility.

<sup>10</sup> See FCC File Nos. BALCDT-20180823AAT (WSWG(TV)); BALCDT-20180828AAE (WTNZ(TV)); BALCDT-201808AAH (WFXG(TV)); BALCDT-20180828AAI (WPGX(TV)); BALCDT-20180828AAJ (WDFX-TV); BALCDT-20180828AAK (KXXV(TV)); BALCDT-20180828AAM (WTXL(TV)); BALCDT-20180829AAY (KWES-TV); AND BALCDT-20180829AAZ (WTOL(TV)).

<sup>11</sup> ACA Comments at 3.

With respect to retransmission consent, as discussed more fully below, Gray has negotiated and signed thousands of retransmission consent agreements in compliance with the Commission's good faith bargaining rules with only minimal service disruptions.<sup>12</sup> And NCTA acknowledges that the transaction poses no problem under these rules because "[n]either the Commission's nor Congress's ban on joint negotiation applies to commonly owned stations."<sup>13</sup> There is no reason for the Commission to speculate that Gray's compliance with the good faith negotiation rules will change following the merger, and none of the Commenters have provided any reason to expect that it would.

The reality is that Gray and Raycom have proposed a transaction that complies with all of the Commission's rules and will serve the public interest. That fact alone justifies grant of the Applications. The Commission has rules in these areas precisely because it doesn't make sense for anyone to relitigate in every proceeding issues of acceptable audience reach and the parameters of retransmission consent negotiations. No commenter has provided any evidence that the impact of this transaction on the national retransmission consent marketplace justifies overriding the rules the Commission has established over decades.

### **III. RETRANSMISSION CONSENT IS NOT AN ISSUE IN THE REVIEW OF THIS TRANSACTION.**

#### **A. The Commission Consistently Has Rejected Speculative Claims of Harm to Consumers Based on Retransmission Consent.**

Over the past few years, MVPDs have repeatedly tried to turn Commission consideration of television station sales into vehicles for changing the retransmission consent marketplace. In every case, the Commission has properly rejected these efforts, and there is no legal basis upon

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<sup>12</sup> See *infra* at 8-9.

<sup>13</sup> See NCTA Comments at 3.

which to re-open those Commission determinations in now-final orders.<sup>14</sup> The Commenters have failed to demonstrate any harm to consumers that would result from the proposed transaction or any way in which the merger of Gray and Raycom would violate the Commission’s rules.

Instead, the Commenters reiterate speculative and conjectural arguments that the supposed increased bargaining power of the merged company will lead to higher retransmission consent rates and a greater risk of blackouts while conveniently ignoring the scores of blackouts created in recent years by ever-expanding MVPDs. The Commission repeatedly and correctly has found these types of generalized concerns about retransmission consent to be appropriately addressed in rulemaking dockets, not station-specific assignment proceedings.<sup>15</sup> The Commission must follow the same wise course here.

Indeed, in this case, the Commenters fail to allege *any* specific harms that would result from this transaction. Instead, they simply roll out their familiar “bigger is bad” argument, or, more appropriately, “bigger broadcaster is bad” argument.<sup>16</sup> The Commission’s precedents rejecting the purely speculative harms raised by the Commenters about future retransmission consent negotiations are strongly supported by analogous court precedent. In his recent decision

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<sup>14</sup> See *ACME TV Inc.*, 26 FCC Rcd at 5191 (denying the petition because “TWC has not argued that any supposedly increased bargaining position that it contends would be gained by the combined stations violates our rules . . . .”); *ACME TV Licenses*, 26 FCC Rcd at 5200 (denying the petition because “TWC makes no effort, beyond its generalized arguments, to demonstrate that the proposed assignment and related cooperative agreements violate our rules and precedent”); *Free State*, 26 FCC Rcd at 10312 (denying the petition because “[t]he gravamen of ACA’s petition . . . [concerns] one of the issues squarely under consideration in the Retransmission Consent Proceeding . . . .”).

<sup>15</sup> See *ACME TV Licenses*, 26 FCC Rcd at 5198; *Free State*, 26 FCC Rcd at 10310.

<sup>16</sup> See DISH Comments at 8-9; ACA Comments at 6. DISH and ACA rely on a study that DISH commissioned to review the effects of another merger in an effort to substantiate these claims. That study was prepared in the context of a different proceeding and did not look at the facts or specifics of the instant transaction. As such, the proffered study has no probative value here.



denying the U.S. Department of Justice’s challenge to AT&T’s acquisition of Time Warner, U.S. District Court Judge Richard Leon found that theoretical harms arising from future programming negotiations are insufficient to demonstrate consumer harm. In his decision, Judge Leon stated that government submissions based on projected future harms following the expiration of current agreements are not “‘sufficiently probable and imminent’ to be probative.”<sup>17</sup> Likewise, here the Commenters have based their arguments solely on their fear that the merged company will wield unmanageable leverage when their agreements with Gray expire. These fears do not demonstrate any “probable or imminent” harms to consumers; thus, the Commenters notional claims regarding higher rates for MVPD customers should not be given any weight.

**B. The Commission Should Reject Commenters’ Claims That Gray Will Have More Leverage in Retransmission Consent Negotiations Than MVPDs Many Times Gray’s Size.**

The theory of consumer harm advanced by DISH and ACA relies on vague concepts like Gray’s supposed increased leverage over MVPDs leading to higher retransmission consent rates.<sup>18</sup> These claims make no sense. Gray negotiates retransmission consent with gigantic national MVPDs – many of which are NCTA members – that are widely diversified and many times Gray’s size both in terms of both audience and revenues. For example, last year the net income of both AT&T and Comcast on a *weekly* basis were *each* more than *twice* Gray’s *annual* net income.<sup>19</sup> DISH had an annual net income of \$2.1 billion, approximately 8 times that of

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<sup>17</sup> *United States v. AT&T, Inc., et al.*, Memorandum Opinion, Civ. Case No. 17-2511(RJL) (D.D.C. Jun. 12, 2018), at 148.

<sup>18</sup> See DISH Comments at 7; ACA Comments at 2-9.

<sup>19</sup> In 2017, AT&T had a total net income of \$29.45 billion. See AT&T Annual Income, MarketWatch, <https://www.marketwatch.com/investing/stock/t/financials> (last visited Sept. 6, 2018). Comcast’s net income for 2017 was \$22.71 billion. See CMCSA Annual Income, MarketWatch, <https://www.marketwatch.com/investing/stock/cmcsa/financials> (last visited Sept. 6, 2018). In 2017, Gray’s net income was \$261.95 million. See GTN Annual Income,

Gray's.<sup>20</sup> Moreover, many of those companies operate separate business streams like telephone and high-speed Internet from their multichannel network operations. The same is true for smaller operators like ACA's members, which provide Internet, home phone, and other services in addition to their cable TV services.

Gray, on the other hand, operates only its broadcast television stations and their associated digital properties. The idea that Gray will gain decisive retransmission consent leverage against companies that are larger and/or more diversified is, quite simply, laughable. What Gray *may* have is a stronger negotiating position than the Commenters would *like* Gray to have. The strength of Gray's position stems from its tremendous dedication to developing and acquiring strong local and national content that MVPD subscribers want to watch. What the Commenters are really doing is asking the Commission to handicap Gray from fairly participating in the free marketplace for MVPD programming. The Commission has rightly stayed out of the business relationships of broadcasters and MVPDs, and nothing about this transaction should change that.<sup>21</sup>

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MarketWatch, <https://www.marketwatch.com/investing/stock/gtn/financials> (last visited Sept. 6, 2018).

<sup>20</sup> See DISH Annual Income, MarketWatch, <https://www.marketwatch.com/investing/stock/dish/financials> (last visited Sept. 6, 2018).

<sup>21</sup> See *Retransmission Consent Issues: Good Faith Negotiation and Exclusivity*, First Report and Order, 15 FCC Rcd 5445, 5450 (2000) (stating "the Commission concluded in the *Broadcast Signal Carriage Order* that Congress did not intend that the Commission should intrude in the negotiation of retransmission consent. We do not interpret the good faith requirement of SHVIA to alter this settled course....") (citing *Implementation of the Cable Television Consumer Protection and Competition Act of 1992, Broadcast Signal Carriage Issues*, Report and Order, 8 FCC Rcd 2965, 3006 (1993)); see also *ATC Broadband LLC v. Gray Television Licensee, Inc.*, Memorandum Opinion and Order, 24 FCC Rcd 1645 (2009).

**C. The Commenters Claims About Increased Risk of Post-Transaction Service Disruptions Lack Any Rational Foundation.**

ACA and DISH allege that the proposed transaction would increase the likelihood of Gray and an MVPD failing to reach an agreement for carriage of Gray's stations.<sup>22</sup> Easily accessible public data confirms that this argument holds no water. Gray has successfully concluded thousands of retransmission consent negotiations with operators across the country without disruption to Gray's viewers. Meanwhile, DISH has had more programming disruptions this year and for far more prolonged periods than Gray has had in its history. The idea that this transaction will transform Gray into a company that aggressively uses blackouts to get preferable retransmission consent terms is ludicrous.<sup>23</sup> Despite the hyperbole of DISH and ACA, after the transaction, Gray will continue to negotiate retransmission consent agreements with the intent of completing those negotiations without any impasse. Meanwhile, the Commission can take official notice of the fact that DISH Network has created more consumer blackouts in just the past few weeks than all those in which Gray has been dropped by MVPDs in its entire history.

The blackout fear raised by DISH and ACA also is illogical from a conceptual standpoint. Gray has every incentive to ensure that its stations are distributed as widely as possible. If an MVPD drops Gray's stations, Gray risks losing substantial retransmission consent and advertising revenues.<sup>24</sup> As television stations face increased programming fees and

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<sup>22</sup> See ACA Comments at 4; DISH Comments at 6-7.

<sup>23</sup> On the other hand, Commenter DISH has disrupted service to its customers more than 20 times for a total of more than 700 days just since the start of 2015. Indeed, TODAY, DISH is not retransmitting stations from at least four different broadcasters affecting consumers who watch at least 68 different television stations located across the country. See *Retrans-Blackouts*, American Television Alliance (May 22, 2018), <http://americantv.wpengine.com/wp-content/uploads/2018/06/Retrans-Blackouts-05.22.18.xlsx>.

<sup>24</sup> Moreover, MVPD subscribers often pay their cable or satellite company the full amount of their monthly bill, even if those subscribers do not receive broadcast television stations during

production costs as well as intense competition from both cable networks and new Internet video services, withholding programming from MVPDs is simply not a business strategy Gray would follow. In other words, the claims of ACA and DISH that this transaction will lead to more service disruptions is contrary to Gray's historical approach to retransmission consent negotiations and contrary to Gray's best interests moving forward.

**D. The Commission Should Decline ACA's Invitation To Intervene in the Operation of Freely Negotiated Retransmission Consent Agreements.**

ACA requests that the Commission prohibit *a priori* the natural operation of after-acquired station clauses in retransmission consent agreements of Gray and Raycom.<sup>25</sup> This unprecedented request asks the FCC for the first time to intervene in the operation of private, arms-length retransmission consent agreements.<sup>26</sup>

ACA's request is directly contrary to longstanding Commission and court precedent.<sup>27</sup> The principle at stake in ACA's request, however, is immense. ACA's members entered into freely negotiated agreements with Gray and Raycom. No rule required them to enter into those

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a contractual dispute. Broadcast television stations, on the other hand, are not compensated by MVPDs during periods of service disruptions.

<sup>25</sup> See ACA Comments at 10-12.

<sup>26</sup> Even if the Commission decided to wade into contract interpretation, it easily can dismiss the hysterical claims of ACA that a buyer of a divested Raycom station might rely on Gray's retransmission consent agreements. For an after-acquired clause to apply to an acquired station, the station, of course, must be acquired and/or controlled by the broadcaster. Here, Gray has made clear in multiple press releases, filings with the FCC, SEC, and DOJ, and public statements that it will not acquire the Raycom stations in eight overlap markets. As such, there is not even an application before the FCC or DOJ that, if granted, would allow Gray to acquire or control any of the Raycom divestiture stations. In short, ACA again throws an argument out without first checking, or without caring, that it assumes facts that do not exist here.

<sup>27</sup> See *Regents of University System of Georgia v. Carroll*, 338 U.S. 586, 602 (1950) (stating that the Commission is not the proper forum to litigate contract disputes between licensees and others); *Listeners' Guild v. FCC*, 813 F.2d 465, 469 (D.C. Cir. 1987) (confirming "the Commission's long-standing policy of refusing to adjudicate private contract law questions.").

agreements; they did so because it was good for their businesses. To ask the Commission to intervene to insulate its members from the natural consequence of their own freely negotiated agreements invites an unprecedented Commission intrusion into a marketplace that Congress intends to remain private. The Commission must reject ACA's request.

#### **IV. GRAY'S ACQUISITION OF THE RAYCOM STATIONS WILL YIELD SUBSTANTIAL PUBLIC INTEREST BENEFITS.**

The Comprehensive Exhibit attached to the Applications includes numerous public interest benefits that will flow from the proposed transaction. DISH and NCTA attempt to discredit Gray's showing by suggesting it is unverifiable, conclusory, or generally insufficient.<sup>28</sup> Nothing could be further from the truth. Gray has proposed substantial benefits that go well beyond what the Commission previously has agreed is sufficient to warrant grant of a television station transaction.<sup>29</sup> The Applications provided a blueprint for converting the synergies generated from the transaction into concrete benefits to Gray's local viewers. Specifically, Gray anticipates improving the quality, breadth, and depth of its service to communities across the county by:

- Creating statewide and regional news networks in Alabama, Louisiana, Kentucky, the Atlantic Coast region, the Gulf Coast region, South Carolina, Ohio, and Mississippi;
- Founding news bureaus in underserved areas, like Vernon Parish, Louisiana, that Gray will serve after the transaction,
- Providing the legacy Raycom stations with news and information from Gray's Washington, DC news bureau;
- Supplying the legacy Gray stations with news and information from Raycom's national investigative unit;

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<sup>28</sup> See DISH Comments at 4; NCTA Comments at 5-6.

<sup>29</sup> For example, in *Nexstar-Media General*, the Commission found that merely establishing three state bureaus and providing access to a centralized Washington, DC news bureau provided sufficient grounds to approve the merger. *Nexstar-Media General* at 194-95, ¶¶ 28-29.

- Expanding the number of journalists that work in the Washington, DC news bureau and the national investigative unit; and
- Realizing economies of scope and scale to invest more in the stations' physical plant and programming production assets than Gray could without the merger.<sup>30</sup>

Gray's acquisition of the Raycom stations creates tremendous incentives for Gray to make significant investments in its stations. For example, because Gray's and Raycom's stations are located in many of the same states, Gray will be able to create the aforementioned statewide news networks that will be able to share news, weather, and sports programming that is of interest to viewers across each state. These are real benefits for real people.

The Commission also should deny DISH's requests for Gray and Raycom to provide voluminous documentation that is highly unlikely to yield any additional information relevant to the Commission's review of the Applications.<sup>31</sup> The information requested by DISH is either irrelevant (*e.g.*, requests related to retransmission consent agreements and advertising), already public (*e.g.*, requests related to local programming and Gray's transaction history), or an attempt by DISH to use this proceeding as a fishing expedition for Gray's proprietary business data (*e.g.*, requests for internal corporate strategy documents). The Commission must deny these absurd demands and process the Applications according to its normal procedures, as required by statute, precedent, and Commission rules.

**V. GRAY AND RAYCOM DEMONSTRATED THAT THE PUBLIC INTEREST IS BEST SERVED BY PERMITTING CONTINUED OPERATION OF THE DUOPOLY STATIONS IN AMARILLO AND HONOLULU.**

The Applications provided in-depth descriptions of the public interest benefits that flow from Raycom's existing operation of its stations in the Amarillo and Honolulu markets. No

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<sup>30</sup> See Comprehensive Exhibit at 3-7.

<sup>31</sup> See DISH Comments at 5-6.

party opposed Gray's ownership of Raycom's stations in Amarillo, and, indeed, NCTA conceded that the Commission's local television ownership rule should not prohibit the assignment.<sup>32</sup>

With respect to the Honolulu Stations, experience shows that allowing the Honolulu Stations to operate together—as they have for the past 25 years, including nearly a decade as Top-Four stations—has greatly enhanced local and community programming while preserving competition in the broadcast television market and the broader media market in Hawaii.<sup>33</sup> As explained in detail in the Applications, common ownership of the Honolulu Stations—which are supported by one master control, one marketing department, one business office, and largely combined sales functions—has allowed the stations to invest significant resources in producing high-quality local programming, newsgathering, and investigative journalism, including the award-winning coverage produced by the stations' combined Hawaii News Now news department.<sup>34</sup> Separating the Honolulu Stations, in contrast, necessarily would significantly increase each station's costs, thus diverting resources from the production of news and other programming.

Gray's acquisition of the Honolulu Stations would result in even greater benefits to the public interest. In addition to improved economies of scale that would permit them to increase their local coverage of local issues, the Honolulu Stations (and the communities they serve) would gain access to Gray's Washington, D.C., news bureau. This would ensure that Hawaii's local communities are fully informed of developments in the nation's capital that affect them every day. Gray's seasoned D.C. reporters work with their colleagues in Gray's local markets to identify the key political issues that viewers most care about, which allows the D.C. bureau to

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<sup>32</sup> See NCTA Comments at 4.

<sup>33</sup> See Comprehensive Exhibit at Attachments 1 & 2.

<sup>34</sup> See *id.* at Attachment 1 at 3-5, 8.

produce news segments analyzing those issues for viewers in local markets like Hawaii.

Integrating Gray's D.C. bureau into Hawaii News Now's already strong operations would allow the Honolulu Stations to better report on the effect national events have on Hawaii, which undoubtedly would benefit viewers in Hawaii.

Experience also shows that the Honolulu Stations' common ownership has not harmed competition. Gray and Raycom provided ample evidence, based on audience and advertising market share data, that despite the Honolulu DMA's unique and challenging characteristics caused by Hawaii's geography and economy, the Honolulu Stations continue to face effective competition both within the broadcast television market and from a myriad of non-broadcasting sources, such as radio, cable, newspapers, and online news websites.<sup>35</sup> Maintaining the status quo by allowing the continued common ownership of the Honolulu Stations will in no way harm this competitive environment.

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<sup>35</sup> See *id.* at Attachment 1 at 14-15.



## **VI. CONCLUSION**

The Commenters in this proceeding have done nothing to undermine the comprehensive demonstration that Gray's proposed acquisition of the Raycom stations complies with the Commission's rules and will yield tremendous public interest benefits to its viewers without creating any discernible harms. Accordingly, Gray and Raycom request that the Commission promptly grant the Applications.

Respectfully submitted,

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September 11, 2018

### CERTIFICATE OF SERVICE

I, Verdette Dickerson, hereby certify that a true and correct copy of the foregoing Gray Television, Inc. Response to Comments was placed in first class U.S. mail, postage prepaid, except where otherwise indicated, on this 11<sup>th</sup> day of September 2018, addressed to the following:

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