

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

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

To: The Commission

COMMENTS

Radio Fargo-Moorhead, Inc. (“RFM”), by its attorneys, hereby submits these informal “Comments” in the above-referenced proceeding (the “Quadrennial Review Proceeding”). In its *Notice of Proposed Rulemaking*, FCC 18-179 (rel. December 13, 2018) (the “*NPRM*”), the FCC instituted a broad-ranging inquiry into its broadcast multiple ownership rules, as required by Section 202(h) of the Telecommunications Act of 1996, as amended (the “Telecom Act”). RFM submits these Comments in support of a relaxation of the local radio multiple ownership rule as proposed by the National Association of Broadcasters (“NAB”) in its comments filed on May 29, 2019 (“*NAB Comments*”).¹ In support hereof, the following is respectfully shown:

RFM, a private corporation wholly owned by James D. Ingstad, owns and operates five radio stations in the Fargo-Moorhead, ND market, ranked Market No. 198 by Nielsen. Members of the Ingstad family have been engaged in radio broadcasting for three generations. Mr. Ingstad has owned and operated local radio stations since the 1980’s, and RFM provides local radio services in Fargo, Mr. Ingstad’s hometown, and other North

¹ RFM is aware that the comment period for the Quadrennial Review Proceeding has ended; to the extent necessary, RFM requests that the Commission treat these Comments as informal “express comments.”

Dakota communities for many years. RFM currently holds licenses for the maximum number of radio stations permitted in its service area under the Commission's local radio rule.

RFM submits that the record in this proceeding demonstrates that the local radio multiple ownership rule is no longer "necessary in the public interest as the result of competition." The Telecom Act therefore commands that the Commission "*shall* repeal or modify" that rule. (Emphasis added.) RFM believes that the modifications proposed by NAB present a reasonable and measured step that complies with the Commission's statutory duty under the Telecom Act. Specifically, NAB proposes "(1) eliminating caps on AM ownership in all markets; (2) permitting a single entity to own up to eight commercial FM stations in Nielsen Audio markets 1-75 (with the opportunity to own up to ten FMs by successfully participating in the FCC's incubator program); and (3) imposing no restrictions on FM ownership in Nielsen markets 76 and lower and in unrated markets." *See NAB Comments* at 31. RFM respectfully submits that this proposal would effectively a) retain some level of local ownership restrictions in the larger markets that are most likely to attract large, well-capitalized, non-local entities; and b) will preserve local radio as a viable competitor in the evolving media marketplace by allowing local small market broadcasters to achieve economies of scale that will reduce costs and permit them to compete for advertisers more effectively.

RFM can confirm the sweeping changes in the radio industry noted by NAB and other commenters, in particular, the increasing competition from new audio services. *See, e.g. NAB Comments* at 8-11 (detailing changes in listenership patterns); Joint Comments of Connoisseur Media, LLC, et. al, filed April 29, 2019 ("*Connoisseur Joint Comments*") at 3 (more than 50% of local advertising dollars now spent on digital platforms); Comments of West Virginia Radio Corporation filed April 15, 2019 ("*WVRC Comments*") at 3-4; Joint Reply Comments of American General Media, et. al filed May 29, 2019 ("*AGM Joint Reply*");

Comments”)² at 15 (local radio loss of advertising to digital outlets). In addition to providing detailed economic data, see NAB Comments at; Connoisseur Joint Comments at Exhibit B; commenters in support of NAB’s proposal provided accounts of advertising losses due to competition from digital media. See *Connoisseur Joint Comments* at Exhibit C; *AGM Joint Reply Comments* at 10-13.

RFM’s experience bears out this data. RGM estimates that digital media now accounts for 58% of local ad spend in the Fargo-Moorhead market to date in 2019, up from 55% in 2018. The top five steaming services are YouTube (1.5 billion people using the site monthly), NetEast (400 million users), SoundCloud (175 million), Spotify (170 million) and Pandora (74 million). RFM’s local clients in Fargo-Moorhead are buying these audio streaming services, digital and social media (Facebook, Instagram, and Snapchat) at an increasing pace.

As commenters including Connoisseur, *et al.*, American General Media, *et al.*, and West Virginia Radio Corporation all note, these trends are most sharply felt by smaller, local broadcasters. Local advertising has historically been the economic mainstay of local broadcasters, yet now more than half of local advertising monies are being spent with Google and other digital services providers.

Local radio companies like RFM serve *our* communities – such local companies do not have nationwide operations from which to subsidize smaller communities, or with which to attract nationwide advertisers. The Fargo, ND-Moorhead, MN market historically had favorable revenue per capita for radio broadcasters, and the broadcasters here have historically shown great professionalism and commitment to local listeners. However, even good broadcasters are seeing a loss of users to other audio services. According to a recent

² The commenters on the Connoisseur Media, LLC and American General Media filings total some thirty-five radio station owners.

Nielsen quote, that loss is 7% to 20% nationally. The local radio multiple ownership rule prevents local broadcasters from being able to present advertisers with more appealing “bundles,” as well as precluding other possible cost savings like sharing office and studio space, office equipment, etc. among multiple stations. The economies of scale noted by the various commenters, *see, e.g. AGM Joint Reply Comments* at 16-17, will enhance the ability of local radio to survive in the current media landscape. *See also*, Comments of Alpha Media, LLC at 2 (adoption of NAB’s proposal will place broadcasters in a better financial position, allowing for additional local programming).

Eliminating outmoded rules that impede local radio broadcasters as competitors in the media landscape, in addition to being required by Section 202(h) of the Telecom Act, is also mandated by the Commission’s long-standing policies in favor of localism. The importance of localism in the public interest has not diminished with changes in technology. While nationwide, indeed global, digital platforms may be increasingly used by consumers in all markets, and advertisers find those platforms increasingly attractive, local broadcasters are the most significant sources of local content. Both on-air and over our websites, local radio broadcasters such as RFM regularly provide emergency information, as well as cover local city and county news, weather, traffic, high school sports, and community events. These topics are significant interest to local residents, but of little concern to the providers of satellite radio, pure streaming services, or other Internet-based media.

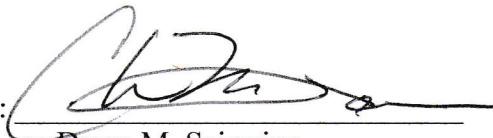
Yet, the ownership rules meant in part to protect the local nature of radio now threaten it. In the Fargo-Moorhead market, which is Market 198, RFM can own only four FM stations, to compete with the boundless capacity of digital services. The loss of advertising revenues to those national and multinational entities adversely impact the ability of radio broadcasters to provide local content. For example, the declarations submitted with the *Connoisseur Joint Comments* at Exhibit C contain a number of individual broadcasters’ plans

for local services and activities they would seek to provide if finances permitted. In RFM's own experience, it must approach competing in today's market with near-surgical precision; the ever-thinning margins for local radio make expanding home-grown content offerings impossible. If local radio continues to be hamstrung in competing with these services, the viability of stations in smaller communities will continued to be jeopardized by loss of revenue to newer technologies, depriving consumers of the truly local content that only radio broadcasting provides.

For all the foregoing reasons, RFM respectfully requests that the Commission modify the local radio multiple ownership rule in accordance with NAB's proposal.

Respectfully submitted,

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