

I'm more worried about is how to finance the entire \$6 million plus for full ATV facilities that I believe I'm going to need to stay in the game.

Let's look at the much smaller markets in *markets 151-175* (where my company operates two television stations). There, the *average* profit was \$700,000 in 1994 (the good year) and just \$172,000 in 1991, with *the good year/bad year average for all stations in that market group at \$436,000. -- not enough to finance ATV costs even taking all annual profits.* If these stations were forced to construct within the six year period, the \$1.8 million price tag would take over 2/3 of the average station's total profits for all six years, should they pay the price out of retained earnings rather than going in the red to finance construction. Both scenarios would be unacceptable to most businesses and their owners/investors. If these stations had, say, nine years to construct, and retained earnings for this purpose, the \$1.8 million price tag would take almost half of their profits for nine years. If, instead, they were afforded a total of, say, *12 years to construct, the \$1.8 million outlay would consume nearly 35% of profits over the 12 year period.* But there would still be profits for their owners/investors and their "business model" would not be so grossly distorted as under other scenarios.

And I believe you need to extend the schedule for smaller markets, not just have a liberal individual waiver/extension policy. I also believe that establishing a longer, staggered schedule for smaller markets will not interfere with the "surrender" of the NTSC channel and/or the "repacking" of the television spectrum to allow the government to reap the benefits of auctioning the "reclaimed" spectrum. Clearly the more valuable spectrum is in the large markets where the transition and "reclaiming" of spectrum can proceed apace and where the Commission will want to auction first.. Also, plans for "repacking" the spectrum in order to reclaim a more valuable swath of spectrum similarly can proceed while the smaller markets are still transitioning. Furthermore, by the time plans are laid for the surrender and/or repacking of nation-wide spectrum, the smaller markets can have completed their transition, thereby not standing in the way of nation-wide build-outs of new services.

I therefore strongly urge the Commission to establish a staggered construction period, maintaining a six year schedule for only the top ten markets, and extending the schedule for perhaps an additional two or three years for a middle group of market sizes and perhaps an additional two or three years beyond that for the smallest markets. I believe that auctioning the patchwork of spectrum that is planned as transitional ATV spectrum would be bad public policy, bad for broadcasters and, most importantly, bad for American consumers. That is because auctioning ATV spectrum *now*, rather than after the transition, *will stymie the deployment of free advanced television service, and all that ATV can bring to the American viewing public.* Auctioning ATV spectrum now would also be bad for consumers because it would hurt the current NTSC service that the average household views or "consumes" over 50 hours a week! Auctioning the ATV spectrum now, rather than after surrender and possible repacking, would also not reap the highest value because patchwork channels, different in every market, won't bring as much value as an entire band would at a later time.

The last comment I would like to make is the critical importance of carrying over full must carry rights to the ATV channels and in the ATV world.

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*(Second term ends June 1996.)*

A 27-year veteran of broadcasting, Ralph began his career in radio while still in high school. He moved to television in 1970 and in 1972, at the age of 27, he was the youngest vice president and general manager of a top 100-market network affiliated television station in the United States.

During the next 21 years, Ralph was promoted to executive vice president and president/GM of Kentucky Central Television. In 1994, he was named president/COO of Gray Communications Broadcast Group which now owns and operates the KY stations.

He serves as chairman of the CBS Affiliates Advisory Board. He is past president of the Kentucky Broadcasters Association and in 1993, in recognition for his extraordinary service to KBA and the broadcast industry, he was awarded its top honor — the Al Temple Award. Ralph is a strong believer in local community service and has served on many local boards. He was elected to the Georgetown College Board of Trustees, beginning with the January 1993 term.

Ralph is an avid golfer and music fan. He is part-owner and president of Renfro Valley Country Music Complex, which will celebrate the 56th birthday of the nationally acclaimed Barn Dance Show this October. The "Renfro Valley Sunday Morning Gatherin'" radio show is the second oldest continuous radio broadcast in America and is currently on 200 radio stations across the U.S. each week.

Ralph and his wife Jackie reside in Lexington. They have four sons — Joe, Jason, Matt and Jesse.



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