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Before the
Federal Communications Commission
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of	)	
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1998 Biennial Regulatory Review - Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996	))))	MM Docket No. 98-35

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COMMENTS OF A.H. BELO CORPORATION

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July 21, 1998

No. of Copies rec'd 0+11
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SUMMARY

When the Commission adopted regulations in 1975 prohibiting the future grant of an AM, FM, or television broadcast station license to any party "who directly or indirectly owns, operates or controls" a daily newspaper in the same community, the agency's justification for enacting an absolute bar on newspaper/broadcast cross-ownership was entirely speculative. Indeed, the FCC relied on what it admitted was a "mere hoped for gain in diversity" to support adoption of the rule. Moreover, in the same Order in which it adopted the prohibition, the Commission praised the "traditions of service" that newspaper publishers had established and maintained in the broadcast industry, concluding both that newspaper-owned stations typically offered superior programming services and that there was significant "separate operation" of jointly owned newspapers and television stations. A.H. Belo Corporation ("Belo" or the "Company"), through its own group ownership experiences, including those relating to its grandfathered combination of The Dallas Morning News and WFAA-TV in the Dallas market, demonstrates herein that the Commission's unsupported predictions were erroneous, and that the newspaper/broadcast cross-ownership restriction is neither appropriate nor necessary to serve the public interest.

Since its adoption of the newspaper/broadcast cross-ownership rule over two decades ago, the Commission has observed repeatedly that the synergies and economies of scale inherent in common ownership of mass media outlets generate a number of public interest benefits. The experiences of Belo substantiate these observations. With daily newspaper publications in six markets and seventeen network-affiliated television stations, Belo has become one the nation's largest and most diversified media companies. Throughout its 150-year history, the Company has remained strongly committed to providing quality news and

information. In recent years, through its capacity to call upon its broad range of media resources, Belo has been able to create such important newsgathering facilities and additional information outlets as its four cable news services and its ambitious news bureau in Washington, DC. Thus, Belo's experiences demonstrate that high levels of news and informational programming and innovative services are a natural outgrowth of the synergies inherent in joint ownership of media outlets.

Belo further submits that the superior service provided by, as well as the separate operation of, WFAA-TV and The Dallas Morning News illustrate that there is no legitimate public interest rationale for precluding common ownership of newspapers and broadcast stations. The success of The Dallas Morning News is built upon its commitment to offering local news and information of the highest caliber. WFAA-TV similarly has established itself as a leader among broadcasters in the Dallas-Fort Worth market. Largely because of its commitment to news and informational programming, WFAA-TV has consistently been ranked as the number one station in its market. Both the newspaper and the television station are highly motivated by both journalistic principles and marketplace forces, however, to maintain independent and competitive operations. Thus, Belo's combined ownership of The Dallas Morning News and WFAA-TV provides an excellent snapshot of the outstanding public service that jointly owned newspapers and broadcast stations can offer without posing any threat to the Commission's goal of safeguarding the diversity of editorial voices.

The explosive changes in the media marketplace over the past two decades have caused both Congress and the FCC to re-evaluate the validity of many of the agency's former cross-ownership rules. As a result of the Commission's own initiatives and the sweeping overhaul of ownership restrictions called for in the Telecommunications Act of 1996, newspaper publishers and broadcast licensees are now virtually alone in being barred from cross-ownership. Moreover, while countless other types of media combinations are entirely permissible, the Commission has been inflexible in its enforcement of the newspaper/broadcast cross-ownership ban, granting only three permanent waivers of the prohibition since its adoption over two decades ago. Newspaper owners and broadcasters thus are placed at a marked disadvantage in their ability to compete in today's diverse and ever-expanding multimedia marketplace.

That the combined ownership of a daily newspaper and a television station within a local market can hardly thwart the explosion of diversity that has occurred in the information marketplace is amply demonstrated by the highly competitive Dallas market. Despite Belo's continuous common ownership of a major daily newspaper (The Dallas Morning News) and a strong television station (WFAA-TV), the market remains robustly diverse and competitive. Indeed, the area currently is served by over 100 broadcast stations and more than fifty newspaper publications. In addition to these more traditional types of media, cable and other video programming providers, magazines, weekly and specialty newspapers, web outlets, direct mail advertising, and outdoor advertising services all compete for the market's advertising dollars.

In sum, Belo submits that the newspaper/broadcast cross-ownership rule has not served to achieve the "hoped for gain in diversity" that was the sole premise for the adoption of the rule. Rather, technological developments and marketplace forces have combined to create diversity and competition among information providers that would have been unimaginable in 1975. Repeal of this anachronistic prohibition will enable Belo and others to provide improved broadcast news and informational services and to develop innovative media outlets and information products to add to the already extensive diversity of the marketplace.

Accordingly, the Commission should promptly move beyond this "inquiry" and initiate a rulemaking proceeding to eliminate the newspaper/broadcast cross-ownership rule.

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I. INTRODUCTION/OVERVIEW

The Federal Communications Commission ("FCC" or "Commission") has undertaken this biennial review proceeding, pursuant to a Congressional mandate, in order to eliminate mass media ownership rules that are no longer necessary in the public interest. A.H. Belo Corporation ("Belo" or the "Company") hereby submits these comments in response to the Commission's Notice of Inquiry.[1] Belo urges the Commission to commence a rulemaking proceeding aimed at repealing its prohibition on common ownership of a daily newspaper and a broadcast station in the same market. As Belo demonstrates below through the example of its own group ownership experiences, and as further demonstrated in the comments submitted concurrently herewith by the Newspaper Association of America ("NAA") and the National

[1] 1998 Biennial Regulatory Review -- Review of the Commission's Broadcast Ownership Rules, MM Docket No. 98-35, FCC 98-37 (rel. March 13, 1998) ("Notice of Inquiry").

Association of Broadcasters ("NAB") in this proceeding, the synergies and economies of scale intrinsic to group ownership of media outlets lead to substantial public interest benefits.

Indeed, the record shows that jointly owned newspapers and television stations, including Belo's own combination in the Dallas market, have provided outstanding public service and have every incentive to operate independently. Belo further submits that because virtually all other participants in the information marketplace are free to take advantage of the operational synergies inherent in joint ownership, the cross-ownership ban unfairly singles out newspaper publishers and broadcast station licensees. Moreover, there is no logical reason to believe that opening markets to the cross-ownership of newspapers and broadcast stations will have a negative impact on competition. Thus, Belo respectfully submits that there is no legitimate public interest rationale for sustaining this discriminatory treatment of newspapers and broadcast stations, and that the Commission therefore is obligated to eliminate the newspaper/broadcast cross-ownership restriction.

II. A.H. BELO CORPORATION

A.H. Belo Corporation is the oldest continuously operating business institution in Texas. Pioneered in 1842 as The Daily News, which was originally a one-page newspaper published in Galveston, Belo has grown to become one of the nation's leading media companies, with a diversified group of television and radio broadcasting, newspaper publishing, cable news, and electronic media assets. Currently, Belo owns seventeen network-affiliated television stations, reaching 14.2 percent of the television households in the United States. In addition to its flagship publication, The Dallas Morning News, and the associated Arlington Morning News, the Company currently publishes five other daily newspapers. Belo, directly or through joint ventures, also operates three local or regional cable news channels and will soon launch a fourth.

A. The History of the Company

The origin of A.H. Belo Corporation can be traced to April 11, 1842, with the first edition of The Daily News in Galveston, Republic of Texas. Founded by Samuel Bangs, the Company was in the publishing business three years before Texas achieved statehood. In 1865, Alfred Horatio Belo joined the Company; he was made a full partner after only three months, under the firm name W. Richardson & Co. In 1870, the firm was renamed Richardson, Belo & Co. Upon the death of Mr. Richardson in 1876, Alfred Horatio Belo became the sole owner.

In 1885, Colonel Belo sent George Bannerman Dealey, who had joined The Daily News in 1874, to Dallas to establish a sister paper. The Dallas Morning News began publication on October 1, 1885, with Dealey as its General Manager. Colonel Belo died in 1901, and his son, who succeeded him as head of the Company, died five years later. Dealey continued to head the Company on behalf of the Belo heirs and, in 1926, acquired the Company, which was renamed A.H. Belo Corporation.

G.B. Dealey remained at the helm of the Company until his death in 1946. Robert W. Decherd, great-grandson of G.B. Dealey and currently the Company's President, Chairman, and Chief Executive Officer, has served in various capacities in the Company since 1973. In December 1981, Belo became a publicly traded entity, with its common stock traded on the New York Stock Exchange.

B. The Publishing Division

As noted above, The Dallas Morning News began publication on October 1, 1885, with a circulation of 5,000 subscribers. While Belo has become one of the nation's largest diversified media companies, The Dallas Morning News remains the flagship of its newspaper business. The publication currently has a total circulation of 521,000 daily and 795,000 Sunday subscribers, constituting the country's eighth largest Sunday circulation and ninth largest daily circulation. As detailed below, the Company also publishes daily newspapers in five other markets. Today, the total circulation of Belo's daily publications approaches one million.

On December 26, 1995, Belo purchased The Bryan-College Station Eagle ("The Eagle"), a daily newspaper serving Bryan-College Station, Texas. Then, on January 5, 1996, Belo acquired the assets of the Messenger-Inquirer, a daily newspaper published in Owensboro, Kentucky. In January 1997, Belo acquired a 38.45 percent interest in The Press Enterprise, a daily newspaper serving Riverside County and the inland Southern California area. The Company purchased the remaining interest in the Press-Enterprise Company later that year.

Through the acquisition of the Providence Journal Company on February 28, 1997, Belo acquired the Providence Journal-Bulletin, the leading newspaper in Rhode Island and southeastern Massachusetts. The Journal-Bulletin, founded in 1829, is the nation's oldest major daily newspaper of general circulation that has been in continuous publication. On March 31, 1997, Belo acquired the assets of the Gleaner and Journal Publishing Company of Henderson, Kentucky, which included The Gleaner, a daily newspaper in Henderson, seven weekly newspapers, printing operations, and an AM radio station (WFKN) in Franklin, Kentucky.

C. The Broadcasting Division

On June 26, 1922, Belo became a pioneer of the radio broadcasting industry when it began operating WFAA-AM, the first network station in the state of Texas.[2] Belo subsequently entered the television broadcasting industry in 1950 with the acquisition of ABC affiliate WFAA-TV in Dallas-Fort Worth. The station had begun operating five months earlier as KBTV-TV. For the past 15 years, WFAA-TV has been ranked as the number one station in its market.

In 1984, in the nation's largest broadcast acquisition to date, Belo acquired four network-affiliated stations: KHOU-TV (CBS) in Houston, Texas; KXTV (now ABC) in the Sacramento-Stockton-Modesto, California market; WVEC-TV (ABC) in Hampton-Norfolk, Virginia; and KOTV (CBS) in Tulsa, Oklahoma. In 1994, the Company added KIRO-TV in the Seattle-Tacoma, Washington market.

When Belo acquired The Providence Journal Company in February 1997 in the largest transaction in the Company's 155-year history, nine additional full-service stations were added to the television group. Of these, five were NBC affiliates: KING-TV, Seattle-Tacoma, Washington; KGW-TV, Portland, Oregon; WCNC-TV, Charlotte, North Carolina; KHNL-TV, Honolulu, Hawaii; and KTVB-TV, Boise, Idaho. Belo also gained one ABC affiliate (WHAS-TV in Louisville, Kentucky) as well as one CBS affiliate (KREM-TV in Spokane,

[2] The Company sold WFAA-AM and its other radio properties in 1987.

Washington) and two FOX affiliates (KASA-TV in Albuquerque-Santa Fe, New Mexico and KMSB-TV in Tucson, Arizona). In addition, Belo acquired control of NorthWest Cable News Network in Seattle-Tacoma and interests in two other cable network ventures. In connection with the acquisition of the Providence Journal Company, Belo also agreed to exchange KIRO-TV for KMOV-TV (CBS) in St. Louis, Missouri in order to come into compliance with the Commission's television duopoly rule in the Seattle-Tacoma market. Most recently, Belo acquired KENS-TV as well as KENS(AM) in San Antonio, Texas in exchange for another cable programming interest it had acquired from The Providence Journal Company.

Belo's Broadcast Division has emerged as an industry leader in recent years. The Company currently reaches 14.2 percent of all households nationwide through its seventeen full-service stations. In addition, three of Belo's stations are located in the top twelve markets, seven are in the top 30 markets, and twelve are in the top 50 markets.[3] Moreover, thirteen of Belo's seventeen full-service stations are ranked first or second in their respective markets. In terms of revenue and audience reach, Belo is now the third largest independent broadcaster in the United States.[4]

D. Innovations and Contributions to the Public Interest

Over the course of its history, through editorial stands and civic involvement, Belo has had a significant and positive influence on the development of the state of Texas and the local communities in which it has operated. One of the most impressive examples of this editorial

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[3] Cable & Television Factbook, A-1 to A-2 (1998).

[4] See Television's Revamped Leadership: Special Report Top 25 TV Groups, Broadcasting & Cable, April 6, 1998, at 54.

influence began in May 1921, when The Dallas Morning News undertook a campaign to challenge the Ku Klux Klan, through editorials and constant news coverage of the group's activities and by endorsing anti-Klan candidates. These efforts culminated in the summer of 1924, when Miriam A. Ferguson was elected governor, defeating Klan candidate Judge Felix D. Robertson.

Belo has also been a national leader in the newspaper industry. The Galveston Daily News and The Dallas Morning News were the first two newspapers in the country to publish simultaneous editions as sister newspapers, thus demonstrating over a hundred years ago the benefits that can be achieved through common ownership of media properties. The two papers were linked across 315 miles by telegraph, and they shared a network of correspondents across the state. More recently, the reporting and editorial initiatives of The Dallas Morning News have earned the publication six Pulitzer Prizes since 1986. The recently acquired Providence Journal-Bulletin likewise lives up to the Company's high standards of journalistic excellence, having earned four Pultizer Prizes during its 168-year history.

Belo's commitment to news and public service carries over to its station group as well; the Company's television stations have received numerous awards for excellence in journalism and public affairs programming. Collectively, Belo's television stations have received seven George Foster Peabody awards, five duPont-Columbia awards, and three Edward R. Murrow awards. Just as the Pulitzer Prize is the most prestigious award in print journalism, these are considered by many to be the highest honors in the field of broadcast journalism.

In early 1997 Belo opened its Capital Bureau in Washington, D.C., which houses Washington-based journalists representing the Company's seventeen network-affiliated television stations as well as The Dallas Morning News and the Providence Journal-Bulletin.

Similarly, in May of this year, the Company announced its plans to launch in January 1999 its fourth cable news venture, the Texas Cable News Network ("TXCN"), which will serve the State of Texas. The innovative cable news service will have its own news-gathering capacities as well as the ability to draw from the resources of Belo's three network-affiliated stations in Dallas-Fort Worth, Houston, and San Antonio and the Company's Texas newspaper publications.

III. AS THE COMMISSION HAS REPEATEDLY RECOGNIZED AND AS ILLUSTRATED BY BELO'S EXPERIENCES, THE SYNERGIES AND ECONOMIES OF SCALE INHERENT IN GROUP OWNERSHIP OF MEDIA OUTLETS LEAD TO SUBSTANTIAL PUBLIC INTEREST BENEFITS

In 1975, the Commission adopted regulations prohibiting the future grant of an AM, FM, or television broadcast station to any party "who directly or indirectly owns, operates or controls" a daily newspaper in the same community.[5] As discussed in greater detail in NAA's comments submitted this day, to justify this cross-ownership ban, the FCC relied solely on what the agency itself described as a "mere hoped for gain in diversity."[6] Moreover, in the same Order in which it adopted the cross-ownership ban, the Commission lauded the "traditions of service" that newspaper publishers had established and maintained in the broadcast industry, concluding both that newspaper-owned stations typically offered superior

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[5] 47 C.F.R. § 3555(d) (1996).

[6] Amendment of Sections 73.34, 73.240, and 73.636 of the Commission's Rules Relating to Multiple Ownership of Standard, FM, and Television Broadcast Stations, 50 FCC 2d 1046, 1078 (1975) (Second Report and Order) ("1975 Multiple Ownership Report"), recon., 53 FCC 2d 589 (1975), rev'd in part sub. nom, National Citizens Comm. for Broadcasting v. FCC, 555 F.2d 938 (D.C. Cir. 1977), reinstated FCC v. Nat'l Citizens Comm. for Broadcasting, 436 U.S. 775 (1978).

programming services and that there was significant "separate operation" of jointly owned newspapers and television stations.[7]

In stark contrast to its hesitant and admittedly predictive conclusion that this restriction on cross-ownership would somehow serve the public interest in diversity, the Commission has repeatedly recognized the public interest benefits inherent in common ownership of mass media outlets in numerous other proceedings addressing media ownership issues in the two decades since its adoption of the newspaper/broadcast ban. For example, in its Order relaxing the one-to-a-market rule, the FCC acknowledged that common ownership of broadcast stations can actually increase the availability of informational programming: "a broadcaster who seeks to operate a second station in the market may, because of economies of scale and cost savings inherent in radio-television combinations in the same market, produce or purchase more informational programming than would two separate stations."[8]

Further, the FCC has observed that even "where one party owned all the stations in a market, its strategy would likely be to put on a sufficiently varied programming menu in each time slot to appeal to all substantial interests."[9] Thus, while individual owners tend to compete

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[7] Id. at 1078, 1089. See also NAA Comments at § IV.

[8] Amendment of Section 73.3555 of the Commission's Rules, the Broadcast Multiple Ownership Rules, 4 FCC Rcd 1741, 1744 (1989) (Second Report and Order), recon. granted in part and denied in part, 4 FCC Rcd 6489 (1989).

[9] Review of the Commission's Regulations Governing Television Broadcasting, 10 FCC Rcd 3524, 3546 (1995) (Further Notice of Proposed Rulemaking). See also Revision of Radio Rules and Policies, 7 FCC Rcd 2755, 2771-72 (1992) (Report and Order) ("In addition, commentators tend to agree with the Notice that greater combination will not harm diversity because, while competing stations might try to reach the same core audience, a single owner might try to program different stations to appeal to different audience segments in order to maximize its total audience size.").

for the same, most lucrative segment of a market, a common owner of multiple media sources in a particular market will often have a greater incentive to diversify its offerings in order to attract the greatest possible market share. Likewise, in a 1992 decision granting a waiver of its one-to-a-market rule, the Commission observed that the efficiencies derived from common ownership of same service radio stations in local markets were "presumptively beneficial and would strengthen the competitive standing of the combined stations, a circumstance that would enhance the quality of viewpoint diversity by enabling such stations to invest additional resources in programming and other service benefits provided to the public."[10] In other words, cross-owners can provide communities with a larger and more diverse range of programs, stories, and viewpoints than could separately owned stations.[11]

The Commission's observations regarding the beneficial synergies and economies of scale stemming from group ownership of media outlets are corroborated by the high level of news and informational programming, as well as the exceptional and innovative services, provided by Belo's newspapers, broadcast stations, and other media ventures. As noted briefly above, Belo has become one of the nation's largest media companies, with seventeen network-affiliated full-service television stations and daily newspaper publications in six markets, and has been honored with numerous awards recognizing its journalistic excellence. Moreover, the Company's television stations are highly committed to providing news and other types of non-

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[10] Golden West Broadcasters, 10 FCC Rcd 2081, 2084 (1995).

[11] See Revision of Radio Rules and Policies, 7 FCC Rcd 6387, 6389 (1992) (Memorandum Opinion and Order and Further Notice of Proposed Rulemaking) ("1992 Revision of Radio Rules and Policies") ("[T]he Commission concluded that relaxation of the national caps may actually enhance the quality of viewpoint diversity, as economies of scale from group ownership provide additional resources to invest in programming.").

entertainment programming. Indeed, as Belo's CEO Robert Decherd explained in a recent presentation to the Advisory Committee on Public Interest Obligations of Digital Television Broadcasting, the Company has consistently "invest[ed] the resources necessary to provide quality local news, public affairs, and community-oriented coverage, and, very importantly, to develop [its] properties into durable news and information franchises, which will be extremely important in the increasingly competitive broadcast environment."

In fact, a programming study recently undertaken by Belo revealed that for fourteen of Belo's seventeen full-service television stations, the amount of news and other informational programming broadcast on a weekly basis significantly exceeds the average amount of such programming aired by all of the other network affiliates in the market.[12] Thirteen of Belo's stations broadcast over sixty hours per week of non-entertainment programming, consisting of newscasts, news/information programming (e.g., news "magazines" and morning news programs), public affairs programs, instructional shows, children's/educational programming, and religious programs.[13] With respect to newscasts alone, moreover, the majority of the Company's television stations air over forty hours per week.[14]

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[12] See Non-Entertainment Programming Study (A.H. Belo Corporation) 1998 (copy attached as Appendix A).

[13] Id.

[14] Id. Belo's programming study confirms, moreover, that many of its television competitors also are highly committed to providing local news and other types of informational programming. In fourteen of the markets in which Belo owns television stations, for example, the network affiliates jointly air over 200 hours of non-entertainment programming per week. The network affiliates in the Dallas-Fort Worth market provide over 280 hours of non-entertainment programming. Id. Thus, these stations alone contribute a very substantial amount of high quality and diverse programming to the information "mix" in their respective markets.

Belo's commitment to journalism and local news coverage is further illustrated by its production of "It's Your Time," a television series in which the Belo station in each of the Company's television markets affords candidates for federal and state office time at no cost to make unedited five-minute statements on their candidacies. The series, begun in 1996, is produced in conjunction with local PBS affiliates and features the views of candidates for the United States Senate, House of Representatives, and Governor in each area served by a Belo station. In addition to making the hour-long program combining the candidates' statements available to both the Belo station and the local PBS station, Belo offers the programs to local cable operators and radio stations as a public service. Each program is aired without commercial interruption. In connection with the 1997-1998 election cycle, moreover, Belo revamped "It's Your Time" to include separate one-minute candidate statements, in addition to the longer (now four-minute) statements incorporated into the hour-long program.

In addition, through its capacity to coordinate its broad range of media resources and services, Belo has been able to create such important newsgathering facilities and information outlets as its four cable news ventures and its news bureau in Washington, DC. As noted above, in May of this year, the Company announced plans to launch TXCN, a statewide cable news channel expected to serve one million cable customers, 24 hours a day beginning on January 1, 1999.[15] In addition to providing statewide news and information, TXCN will have the flexibility of offering local programming in Dallas, Houston, and San Antonio.[16] Although

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[15] Monica Hogan, Belo Signs TCI, Marcus for Texas News Net, Multichannel News, Weekly Edition, June 1, 1998, at 4; Belo Announces Texas Cable News Channel, (visited May 29, 1998) <http://wfaa.com/news/9805/28/txcn.shtml>

[16] Belo Announces Plans to Launch Texas Cable News (News Release of A.H. Belo

(Continued...)

TXCN will have its own news-gathering sources, it will also have the capacity to draw on the resources of WFAA-TV, the Company's Dallas television station, as well as its sister stations in Houston (KHOU-TV) and San Antonio (KENS-TV). In addition, the cable news channel will have access to the resources of Belo's Texas dailies.[17]

TXCN is the Company's fourth cable-news venture. Belo also currently provides NorthWest Cable News in a three state region in the Pacific Northwest. In creating original newscasts and other informational programming, NorthWest Cable News is able to use the resources of four Company television stations: KING-TV (Seattle-Tacoma, Washington); KREM-TV (Spokane, Washington); KGW-TV (Portland, Oregon); and KTVB-TV (Boise, Idaho). In addition, the Company is involved in two cable-news joint ventures: NewsWatch/Channel 15 in New Orleans and Local News on Cable (LNC) in the Norfolk, Virginia market.[18]

Belo similarly has been able to utilize its varied journalistic resources to provide better service through the creation of its Capital Bureau in Washington, D.C. Opened in April of 1997, the news bureau expanded and combined all of the Company's operations in Washington, which previously included the separate offices of three Belo television stations as well as the Washington bureau of The Dallas Morning News.[19] The Capital Bureau also

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(...Continued)
Corporation), May 28, 1998.

[17] Id.

[18] Monica Hogan, Belo Signs TCI, Marcus for Texas News Net, Multichannel News, Weekly Edition, June 1, 1998, at 4.

[19] Belo Announces Opening of Capital Bureau (News Release of A.H. Belo Corporation), April
(Continued...)

incorporates both the broadcasting and the newspaper facilities previously maintained in D.C. by the Providence Journal Company.[20] Housing approximately thirty staff members, the bureau's facilities include a complete television studio as well as up-to-date electronic and communications equipment.

In addition to providing separate news reports for Belo's television stations and newspaper publications, the D.C. bureau develops joint programming, utilizing both broadcasting and newspaper personnel, that in all likelihood would not be possible for separate owners. For example, the bureau produces "Capital Conversation," a half-hour weekly public affairs television program addressing issues faced by the Texas Congressional delegation and featuring both television and newspaper correspondents.[21] Thus, like its four cable news ventures, Belo's news bureau in the national capital represents an ambitious effort to combine the strengths of the Company's diversified broadcasting and publishing businesses to provide improved and additional information services.

In sum, as the Commission has explicitly recognized and as the experiences of the Belo group clearly demonstrate, permitting common ownership of media outlets can serve to further the Commission's goal of increasing the quantity and improving the quality of news, public affairs, and local programming on television broadcast stations. In addition, joint ownership affords the opportunity to take advantage of a publisher's and broadcaster's varied resources to

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(...Continued)
18, 1997.

[20] Id.

[21] Id.

develop new and innovative services that complement and expand the offerings of the "traditional" broadcast and print media. Maintenance of the Commission's rule prohibiting newspaper/broadcast cross-ownership, however, prevents the full realization of the benefits that might be obtained through joint ownership and operation.

IV. JOINTLY-OWNED NEWSPAPERS AND TELEVISION STATIONS HAVE PROVIDED EXCEPTIONAL JOURNALISTIC SERVICE AND HAVE EVERY INCENTIVE TO OPERATE INDEPENDENTLY, AS DEMONSTRATED BY BELO'S CROSS-OWNERSHIP IN THE DALLAS MARKET

Since 1950, when Belo first entered the broadcast market through the acquisition of WFAA-TV in Dallas-Fort Worth, the Company has continuously owned and operated both a daily newspaper and a broadcast television station within the Dallas market. When Belo purchased WFAA-TV, it had already been publishing The Dallas Morning News for over sixty years. Pursuant to the Commission's 1975 Order adopting the newspaper/broadcast cross-ownership prohibition, this combination was not one of the sixteen "egregious cases" targeted for divestiture and was, therefore, grandfathered by the agency.[22] Belo submits that the superior service provided by both WFAA-TV and The Dallas Morning News -- as well as the history of separate operation of and the independent editorial judgment exercised by the two entities -- illustrate that there is no legitimate public interest rationale for continuing to single out newspaper publishers and broadcast station licensees under the anachronistic cross-ownership restriction.

[22] 1975 Multiple Ownership Report, 50 FCC 2d at 1049.

A. The Commission Recognized in 1975 That Broadcast Stations Operated in Combination with Daily Newspapers Generally Provide Superior Service and Maintain Separate Operations

Prior to the adoption of the newspaper/broadcast station cross-ownership prohibition, the FCC historically had encouraged the participation of newspaper publishers in the broadcasting industry. Indeed, publishers such as Belo pioneered first AM service and, subsequently, FM and television service in many communities.[23] Even in its 1975 decision adopting the cross-ownership restriction, the Commission praised the "pioneering spirit" of these cross-owners, noting that newspaper publishers established "[t]raditions of service" in the broadcasting industry that "have been continued."[24] In this same Order, the Commission also recognized that "many [newspaper publishers] began operation [of broadcast facilities] long before there was hope of profit" and that "were it not for their efforts service would have been much delayed in many areas."[25]

In addition to recognizing the "pioneering spirit" and dedication that newspaper publishers brought to the broadcasting industry, the Commission also concluded in its 1975 Order that stations owned by publishers of daily newspapers typically offered superior programming services. Specifically, based upon an examination of programming reports filed by broadcast licensees, the FCC found that, on average, co-located newspaper-owned stations programmed six percent more local news, nine percent more non-entertainment programming,

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[23] Id. at 1074.

[24] Id. at 1074, 1078.

[25] Id. at 1078.

and twelve percent more local programming than other television stations.[26] Based on these findings, the Commission concluded that there was "an undramatic but nonetheless statistically significant superiority in newspaper owned television stations in a number of program particulars."[27]

In addition, in determining that only a few "egregious cases" would be subject to divestiture under its newly-adopted newspaper/broadcast cross-ownership restriction, the FCC found that there was in general significant diversity or "separate operation" between jointly-owned newspapers and television stations.[28] A number of cross-owners that were parties to the 1975 proceedings explained to the Commission that their newspaper and broadcast operations employed separate editorial and reportorial staffs as well as distinct sales staffs.[29] In response, the Commission both endorsed the practices of these cross-owners and noted that such separation was an "important point" in its consideration of the cross-ownership issue.[30] Indeed, based on its observations regarding both the traditions of service that newspaper publishers had brought to the broadcasting industry and the separate operation of many jointly-owned newspapers and television stations, it is not surprising that the Commission concluded that "there is no basis in fact or law for finding newspaper owners unqualified as a group for

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[26] Id. at 1094-1098 (app. C).

[27] Id. at 1078 n.26.

[28] Id. at 1089.

[29] Id. at 1089.

[30] Id.

future broadcast ownership" and narrowly limited the scope of forced divestiture.[31] Belo submits that the Commission's findings with respect to the level of service by and the degree of independence of newspaper-owned broadcast properties have been borne out in the continued operations of Belo and other grandfathered owners and are to be fully expected of new broadcast/newspaper combinations that may come into existence when the outdated prohibition is lifted.

B. WFAA-TV and The Dallas Morning News Have Offered Outstanding Service to the Dallas Market

The observations by the Commission in 1975 regarding the superior service offered by broadcast stations jointly owned with daily newspapers -- ironically made simultaneously with the adoption of rules that had the effect of short-circuiting such public interest benefits -- certainly find confirmation in Belo's cross-ownership experience in the Dallas-Fort Worth market. As noted above, the success of The Dallas Morning News is built largely upon its commitment to offering local news, information, and community service of the highest caliber. The Dallas Morning News has been honored with six Pulitzer Prizes since 1986. For example, the newspaper was awarded the 1986 Pulitzer Prize for Investigative Reporting for its series, "Separate and Unequal," which helped to effectuate significant national policy changes in federally funded housing. In addition, in 1989 the publication was awarded the Pulitzer Prize for Explanatory Journalism for "Anatomy of an Aircrash" and the Pulitzer Prize for Feature Photography for its series on "Romania's Forgotten Children."

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[31] Id. at 1075.