



November 4, 2014

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington DC 20554

Re: In the Matter of Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions, GN Docket No. 12-268, Notice of *Ex Parte* Communication

Dear Ms. Dortch:

On October 31, 2014, Bruce Franca, Lynn Claudy and the undersigned of the National Association of Broadcasters, Bill Altman of Graham Media Group, Harvey Arnold of Sinclair Broadcast Group, Inc., Brady Dreaser of Quincy Newspapers, Inc., Martin Faubell and Michael Keller of Hearst Television Inc., David Folsom of Raycom Media, Inc., Thomas Hankinson on behalf of ABC Owned Television Stations, William Hayes of Iowa Public Television, Brett Jenkins of LIN Media, Karl Lahm of Univision Communications Inc., Robert Seidel of CBS Corporation and Mark Turner of Media General, Inc. (collectively, the "Broadcasters") met with William Lake, Barbara Kreisman, Pamela Gallant, Adriana Zimmer, Evan Morris, Kevin Harding, Joyce Bernstein, Jeffrey Neumann, Alison Neplokh, Kim Matthews, Dorann Bunkin, and Hossein Hashemzadeh of the Media Bureau, Barbara Pavon and Mark Colombo of the Office of Engineering and Technology, and Mary Margaret Jackson of the Incentive Auction Task Force. The purpose of the meeting was for the Broadcasters to provide initial feedback on the draft TV Broadcaster Relocation Fund Reimbursement Form released by the Media Bureau. A summary of the topics discussed in the meeting is set forth below.

Catalog of Eligible Expenses

The Broadcasters urged the staff to release a draft catalog of eligible expenses, based on direct input from manufacturers and service providers, and seek comment on the costs contained therein. The information set forth in the Widelity Report, which is the latest information the Commission has released concerning repacking costs, will undoubtedly be out of date by the time broadcasters forced to move to new channels are submitting their forms and seeking reimbursement. Further, the costs in the

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Widely Report in some cases appear to understate the costs associated with a move to a new channel.

The Three Month Deadline for Submitting Cost Estimates

Under the Commission's current rules, broadcasters will be required to submit their reimbursement forms within three months of the release of a Public Notice identifying new channel assignments. Given the number of broadcast stations that may need to be relocated, and that there are a limited number of qualified vendors available, it will not be possible for broadcasters to submit reliable, detailed cost information within that time. While the staff understandably seeks cost estimates that are as accurate as possible, this extremely compressed timeframe will require many broadcasters to submit good faith estimates based on their previous experience. There will simply not be enough time for broadcasters to procure firm vendor quotes for relocation within three months of learning their channel assignments.

Justifying Departures from the Catalog

The draft form and accompanying instructions require broadcasters to provide a written justification for seeking costs above those set forth in the final catalog of eligible expenses. The Broadcasters sought clarification on the nature of the justification that would be required, and, in particular, suggested that a vendor quote should serve as sufficient justification for an estimate. Similarly, vendor invoices should suffice as justification for a final accounting of expenses.

Standards for Evaluating Costs

The Media Bureau should provide as much transparency as possible concerning the process for evaluating and processing reimbursement forms, including the standards that will be applied in that evaluation. Specifically, the Media Bureau should provide more information as to how it will evaluate estimates and final submissions, what standards will be used to accept or reject submitted costs, and whether and how Bureau decisions can be appealed.

Tax Implications

The Broadcasters asked that the Commission provide guidance as to the tax treatment of any funds received to reimburse relocation expenses, and, more importantly, how to account for depreciation of assets rendered unusable by the move to a new channel.

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Please direct any questions concerning this matter to the undersigned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Patrick McFadden", with a long horizontal flourish extending to the right.

Patrick McFadden
Vice President Spectrum Policy
National Association of Broadcasters

cc: William Lake
Barbara Kreisman
Pamela Gallant
Adriana Zimmer
Evan Morris
Kevin Harding
Joyce Bernstein
Jeffrey Neumann
Alison Neplokh
Kim Matthews
Dorann Bunkin
Hossein Hashemzadeh
Barbara Pavon
Mark Colombo
Mary Margaret Jackson