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VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., TW-A325
Washington, D.C. 20554

Re: Summary of the Ex Parte Meeting
MB Docket Nos. 09-182 and 14-50

Dear Ms. Dortch:

This letter is submitted pursuant to Section 1.1206 of the Commission's Rules to disclose the communications made in the above-referenced proceedings. On Tuesday, June 14, 2016, Jeff Warshaw and Michael Dufort of Connoisseur and the undersigned met with Jessica Almond, Legal Advisor to Chairman Wheeler, to discuss an aspect of the above-referenced proceeding.

Connoisseur filed comments in the above-referenced proceedings to address the issue of the methodology used by the Commission in conducting a multiple ownership analysis of stations that are located in an "embedded market." Under the current policies, the FCC will analyze the multiple ownership compliance of the proposed buyer of a radio station that is home to an embedded market by analyzing both the number of stations that the buyer owns in the embedded market as well as the number of stations that it owns in the larger market in which that market is embedded. In the two markets in which there are now multiple embedded markets (New York and Washington), that means that a broadcaster who owns stations in one embedded market may well be precluded from owning a station in another embedded market not because any of its existing stations compete in that second embedded market, but instead because stations from both markets will be listed as being "home" to the larger market – putting the potential buyer over the ownership limits in that central market. Connoisseur argued at the meeting that this methodology of looking at ownership limits in both the central market and in the embedded market when determining compliance with the multiple ownership rules can no longer be justified as being a rational determination of competitive realities in the radio marketplace, for the following reasons:

- In the initial comments filed on August 6, 2014 by Connoisseur in response to the Quadrennial Review Further Notice of Proposed Rulemaking, Connoisseur provided in

Attachment D to those comments, detailed demographic information, derived from Census Bureau information, to show commuting patterns which demonstrate that, while people in embedded markets may work in the counties in the core market, there is little commuting from one embedded market to another, even where they are geographically close to each other.

- Similarly, Connoisseur provided, in Attachment E to its initial comments, Nielsen Audio ratings information to show that, while residents of embedded markets may listen to stations in the central city, there is virtually no listening by residents of one embedded market to stations that are home to another embedded market.

- Commuting and listening patterns are normally decisive in Nielsen's determination as to the definition of a market. Clearly, the patterns here show connections between the embedded markets and the central city, but not between the embedded markets themselves.

- Connoisseur also argued that the stations that are home to the embedded markets are not significant competitors in the core markets, that the listening that they receive in the core market ratings book is essentially that attributable to the listeners from the counties that are located in their embedded market. At the meeting, Connoisseur provided a copy of Connoisseur's June 7 ex parte filing in this proceeding which, at Exhibit 1, included information for the New York City market detailing all of the rated stations in that market, and providing the city of license location (whether it was in the central core of the market or in an embedded market) for each of the rated stations. Even were one company to own every single station that is not home to a county in the core market (an ownership concentration that could never be achieved because of the application of the ownership rules in the embedded markets themselves), the aggregate total listening share of all of the non-core stations is only 15.5%. Of that listening, 1.5% is to stations from the Trenton market and .4% to stations in Bridgeport, which are not embedded markets (and thus would have no impact in the multiple ownership analysis in either the core or in any embedded market). Thus, in the unlikely event that one party were to be able to consolidate every embedded market station, that party would have at best 13.6% of the core market ratings, making them the third largest player in the New York market, well behind the combined ratings of the two largest companies with stations in New York City itself, both of which have combined ratings in excess of 20%.

- In addition, in Connoisseur's June 7 ex parte filing, an exhibit was provided showing the signal coverage of all of the FM stations that gather any ratings in the New York market. As shown in Exhibit 2 to the June 7 ex parte, all of the FM stations that are licensed to communities in the core of the New York market have 60 dBu coverage of at least 69% of the population of the market. Most of the core stations have 60 dBu coverage of 80% or more of the market's population. By contrast, the embedded market FM stations that have ratings in the New

York City market (with one exception[1]) have at most 52% coverage of the entire New York market area, with most having less than 25% coverage. This further demonstrates that the embedded market stations are not true full-market competitors as their signals simply do not reach the entire market, and because of these coverage deficiencies, they likely will never be full market competitors. The county-by-county breakdown of the population covered by these stations, as shown on Exhibit 2, further demonstrates that the listening that the embedded market stations do achieve in the New York market must come primarily from the counties home to their embedded market (not in the core) as that is where their signal coverage is.

Thus, Connoisseur argued, as the stations that are home to the embedded markets have very little competitive impact in the core markets themselves, when considering potential ownership of stations exclusively located in embedded markets, each embedded market should be considered independently. There should be no prohibition on ownership simply because the number of commonly owned embedded market stations listed as being home to the core market would exceed ownership limits. Stated another way, in evaluating ownership in embedded markets, as long as an owner has no attributable ownership interests in any station that is home to a core market county, any proposed acquisition should be evaluated solely by looking at the ownership limits in the embedded market – the limits in the core market should not be reviewed.

Connoisseur submitted that there are important public interest justifications for this change in the way in which ownership is evaluated. There is no doubt that stations that are home to the core market have listening in the embedded markets, and that these core market stations also seek advertising from the embedded markets. Thus, as advertising spills out of the embedded market into central market stations (which provide little or no local content directed to the embedded markets), the stations in the embedded markets are hurt as their advertising is syphoned away into the bigger market. This leaves the embedded market stations with less revenue to devote to public service and other local programming. Only by being able to consolidate stations in many embedded markets could one owner even hope to be able to assemble sufficient audience to try to compete with the core market stations.

To demonstrate the impact of this spill of advertising dollars from the embedded markets into the core market, at the meeting, Connoisseur provided figures from markets that are of comparable size to the embedded markets in the New York area. These figures were provided in

[1] WKTU is the lone exception, having 80% coverage of the New York City metro. That station is in fact operated from a central city location on the Empire State Building, where core market stations operate. In BIA's revenue data, WKTU's revenues are all considered with the core market stations, rather than with other stations in the Nassau-Suffolk embedded market in which its city of license is located. As Connoisseur is asking the Commission to adopt a rebuttable presumption to address the issues that it has identified, it may be that an outlier such as WKTU, which acts more like a central city station rather than one home to an embedded market, is the reason that a rebuttable rather than a conclusive presumption should be applied in this case. But WKTU is certainly the glaring exception, alone among all of the other embedded market stations in its coverage and its competitive reach in the greater New York market.

the chart attached hereto as Exhibit 3 to the June 7 ex parte. These charts show, for instance, that the Nassau-Suffolk embedded market, which is the 20th largest market in the country, has radio revenues about half of those in the markets ranked 16 to 24. Similarly, the difference between the markets slightly larger or smaller than the Hudson Valley embedded market is even more striking. The second chart attached as part of Exhibit 2 shows that, but for other embedded markets (San Jose, now the sole embedded market in San Francisco, and Middlesex-Sommerset-Union, another New York embedded market), the Hudson Valley market had revenues about one-third of those in similarly sized markets.[2]

Connoisseur also argued that, in addition to enhancing the ability of embedded market stations to compete by allowing them to be consolidated so that they have a greater position in the overall regional marketplace, allowing consolidation enhances economies of scale in other ways. For instance, management can better oversee stations that are relatively close, and these stations can share news, engineering and other resources.

Finally, Connoisseur argued that the Commission must provide a clear statement of policy with respect to the treatment of ownership limitations in these markets. A change in policy cannot be left to a case-by-case evaluation, as no deals could ever get done if a potential buyer cannot assure a seller that there is a significant likelihood that the deal will be competed in a timely fashion.

Thus, Connoisseur suggests the following relief: The Commission should adopt a rebuttable presumption that, in evaluating the acquisition of a station in an embedded market by a prospective owner who has no attributable interest in any station licensed to any county in the core of the market (a county that is not home to one of the embedded markets), ownership is to be evaluated only in the embedded market. If a proposed owner has an attributable interest in a

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[2] Revenue information for the remaining embedded markets is also provided in Exhibit 3 to the June 7 ex parte, as is revenue information for other markets of comparable size (in each case, 4 larger and 4 smaller). Connoisseur explained at the meeting that, as can be seen from this tabulation, the embedded markets almost all have revenue per population significantly lower than the average of all of the non-embedded markets. The average revenue in the embedded markets is less than half that of the non-embedded markets. While individual non-embedded markets on the chart may have revenues lower than some of the embedded markets, in many cases those markets have characteristics similar to embedded markets - being very close to a larger market which likely draws revenue out of the smaller market (e.g. Worchester, MA and Portsmouth, Dover-Rochester, NH, which likely lose revenue to Boston stations; Bridgeport, CN which likely loses revenue to NY city stations), but none of the regulatory limitations. Certain embedded markets, Fredericksburg and Monmouth-Ocean, are only partially embedded, meaning that core stations are likely drawing less revenues from the non-embedded portions of those markets farther from the central city, and thus their revenues are slightly higher than those of other embedded markets. The embedded market with the highest revenue per pop is Frederick, MD, which may be among the least representative. It is the smallest of the embedded markets and thus one where the revenue opportunities for core market stations to attract advertisers is not as great. It is intuitive that ownership of stations in Frederick would have no competitive impact on the other far-removed Washington embedded market - Fredericksburg.

station in the core of the market, then (as is the case at the current time) ownership would be evaluated in both the embedded market and the core market.

The presumption would allow acquisitions to go forward in the normal course for most acquisitions of stations by owners who have no interests in stations in the core of the market. Giving such acquisitions that presumption that they will be grantable should provide comfort to potential sellers of stations in embedded markets who sell to buyers with no central city ownership interests. But, being rebuttable, were some party in the future to attempt to somehow "game" the system, the Commission, on an appropriate showing, could deny an application.

Connoisseur submitted that this change in the current ownership policies regarding the local ownership of radio stations is in the public interest, and has been opposed in none of the comments filed thus far in this proceeding. Given the detailed analysis already provided by Connoisseur, and as supplemented at the meeting and in this submission, there is ample evidence that the current policy no longer serves the public interest.

Should there be any questions concerning this matter, please contact the undersigned.

Sincerely,

David Oxenford

cc: Jessica Almond, Office of Chairman Wheeler