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WASHINGTON SQUARE, SUITE 1100 • 1050 CONNECTICUT AVENUE, N.W. • WASHINGTON, D.C. 20036-5304 • (202) 861-1500
FAX (202) 861-1783
WRITER'S DIRECT DIAL NUMBER
(202) 861-1710

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Via HAND DELIVERY**

Magalie Roman Salas, Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-A325
Washington, D.C. 20554

**RE: In the Matter of Review of the Commission's Regulations Governing Television Broadcasting, MM Docket 91-221**
**Informal Comments** – ***Ex Parte***

Dear Ms. Salas:

Dix Communications, through counsel, hereby files Informal Comments in the above-captioned proceeding. The comments constitute an *ex parte* presentation, pursuant to 47 C.F.R. § 1.1206, and two copies are submitted for inclusion in the public record in accordance with that rule.

Additional copies of the comments are enclosed for each of the five Commissioners, the two responsible members of the staff, and the Commission officials copied below.

If you require any additional information, please contact the undersigned.

Respectfully,

Jennifer Dine

Jennifer Dine
Counsel for Dix Communications

cc: Roy Stewart, Chief, Mass Media Bureau
Mary Beth Murphy, Acting Chief, Mass Media Bureau Policy and Rules Division

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List A B C D E

R.C. Dix
Offices at:
The Cambridge Jeffersonian L.L.C.
Box 10
Cambridge, Ohio 43725
Ph. (740) 439-3531
Fax. (740) 432-6219

# Dix Communications

a.k.a. WOOSTER REPUBLICAN PRINTING COMPANY

July 13, 1999

Magalie Roman Salas, Secretary
Federal Communications Commission
445 12th Street, S.W., TW-A325
Washington, D.C. 20554

**Re: In the Matter of Review of the Commission's Regulations Governing Television Broadcasting, MM Docket 91-221**
**Informal Comments** - ***Ex Parte***

Dear Ms. Salas:

Dix Communications ("Dix") hereby submits informal comments, pursuant to 47 C.F.R. § 1.419(b), supporting elimination of the FCC's rule against duopolies in small markets. Dix is the licensee of television stations KULR-TV, Billings, Montana, and KFBB-TV, Great Falls, Montana. Both stations are in very small markets, with Billings ranked the 169th largest and Great Falls the 185th largest of Nielsen's 210 designated market areas nationwide.

Specifically, Dix supports Pegasus Communications Corporation's ("Pegasus") formal comments, filed with the Commission in the above-captioned proceeding on February 7, 1997. Pegasus is the parent company of the licensees of UHF television stations in five small markets. Dix supports Pegasus's comments that relaxation of the rule prohibiting duopolies in small markets is in the public interest because common ownership of multiple television stations in those markets will:

(1) **Increase the diversity and quality of programming.** Mutual ownership of two stations would allow a broadcaster to share equipment, building, and administrative costs that are essentially the same in a large or small market. Economies of scale will allow a two-station owner to afford diverse and quality programming that an individual station owner in a small market could not afford. In addition to offering better broadcast services to the public, these economies may be essential in some markets to preserving the survival of local broadcasting against the ever growing level of multi-channel video competition.

(2) **Ease the financial burden of the conversion to DTV.** The costs for the equipment in this conversion are essentially the same in small markets as in large markets. However, television stations in small markets generate considerably less annual gross revenues than in large markets. The Billings market, with four television stations carrying each of

the four major networks, generates about $11 million annually in gross revenues.[1] Stations in the larger markets may generate ten, twenty, or even thirty times that amount. Allowing small market broadcasters to own two television stations in the same market would permit them to generate more revenue while sharing much of the expense of digital conversion (*e.g.* digital cameras and production facilities). For small market stations, such sharing is the only way a conversion to digital broadcasting can occur in a timely fashion.

(3) **Increase the number of viable stations.** Allowing television operators to share expenses will increase the number of viable local television stations and will improve their respective program formats by permitting a consolidated news operation to provide news for the co-owned stations. Such ownership would warrant the commitment of additional economic resources to the capital-intensive business of producing high quality local news, resulting in more and better news coverage for the market with higher quality technical production. For many small markets, such consolidation may be the only way a local news operation can survive.

In sum, Dix agrees with fellow small market broadcaster Pegasus that the current rule forbidding duopolies in small markets is contrary to the public interest and detrimental to technical advancement in those markets. Accordingly, Dix asks that the Commission amend its rules to permit mutual ownership of two television stations in the same market.

Sincerely,

R.C. Dix
Dix Communications

cc: Commissioner William E. Kennard, Chairman
Commissioner Susan Ness
Commissioner Harold W. Furchtgott-Roth
Commissioner Michael K. Powell
Commissioner Gloria Tristani

1 1997 NAB/BCFM Television Financial Survey Conducted by Price-Waterhouse