Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
Cross-Ownership of Broadcast Stations and	)	MM Docket No. 01-235
Newspapers	)	
	)	
Newspaper/Radio Cross-Ownership	)	MM Docket No. 96-197
Waiver Policy	)	

COMMENTS OF
BONNEVILLE INTERNATIONAL CORPORATION

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SUMMARY

The Commission in this proceeding seeks comment on whether and to what extent it should revise its newspaper/broadcast cross-ownership rule (the "Rule"). Bonneville International Corporation ("BIC") respectfully submits that the rule should be repealed in its entirety. The Rule is an artificial barrier to healthy competition in the local media marketplace and restricts the ability of broadcast stations and newspapers to effectively serve the public interest of their local communities.

There has been a radical transformation of the media environment since the Rule was adopted in 1975. This transformation has been marked by an explosion in the number and type of media outlets and distribution systems and a consolidation of media ownership, both locally and nationally. The realities of today's media marketplace not only undermine any purported justification for the Rule, they also dictate that, in order to compete effectively in local markets in today's environment and to be able to continue to provide exemplary service to local communities, broadcast stations and newspapers must be economically healthy and viable. The Rule acts as an impediment to more effective public service and, indeed, places at risk the peculiarly local service now being provided by broadcast stations and newspapers.

BIC submits that repeal of the Rule, in the face of the great challenges facing broadcast stations and newspapers, will permit broadcast stations and newspapers to continue to provide high quality local news, information and entertainment to their local audiences. Furthermore, combined broadcast and newspaper operations will present the opportunity for better and expanded local public service. BIC describes herein how the combined efforts of its radio station and television station in Salt Lake City and a sister corporation's newspaper ("grandfathered"

in the same market) will result in the provision of enhanced products over their facilities and stronger community service.

Finally, BIC notes that the Rule has operated to restrict grandfathered broadcast/newspaper owners from expanding their broadcast ownership. This fundamentally unfair prohibition has handcuffed the ability of such companies to compete in today's media marketplace and has been a disservice to the communities they serve.

For the reasons set forth in these Comments, the Rule should be eliminated.

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COMMENTS OF BONNEVILLE INTERNATIONAL CORPORATION

Bonneville International Corporation ("BIC") hereby submits its comments in the above-captioned rule making proceeding concerning the cross-ownership rule (the "Rule") that bars common ownership of a broadcast station and a daily newspaper in the same market.

I. INTRODUCTION

BIC is the operator of twenty radio stations and two television stations located throughout the country. These stations are licensed to a BIC-affiliated company. In Salt Lake City, Utah, where BIC's corporate offices are located, BIC operates a radio station (KSL Newsradio) and a television station (KSL-TV). In the same market, a sister corporation of BIC, The Deseret News Publishing Corporation, publishes the Deseret News, one of Salt Lake City's two daily publication newspapers. This ownership of radio, television and newspaper in the same market is "grandfathered" under the Rule. As an operator of radio and television stations, some of which are located in a "grandfathered" market, BIC has a strong interest in the instant proceeding.

BIC's general political philosophy is that, in most cases, BIC favors less regulation, rather than more, and prefers allowing free enterprise market forces, rather than governmental rules and regulations, to dictate business behavior. As explained below, BIC believes a total repeal of the Rule will remove artificial barriers to healthy competition in the local broadcast market and result in a greater diversity of available information, thus promoting two of the Commission's longstanding goals in broadcast regulation. A repeal of the Rule will also likely result in more effective public service by broadcast companies and stations, thus assisting in fulfilling the Commission's and each station's paramount goal.

II. CONSOLIDATION OF OLD MEDIA AND PROLIFERATION OF NEW MEDIA SINCE 1975 REQUIRES BROADCASTERS TO GROW, CONSOLIDATE AND ACHIEVE CRITICAL MASS IN THE LOCAL MARKET IN ORDER TO SURVIVE AND EFFECTIVELY SERVE THE PUBLIC.

As described in the Notice of Proposed Rule Making in the above captioned proceeding, the conditions in which radio and television stations operate today and in which they fulfill their primary objective of entertaining and informing their listening and viewing audience are much different than in 1975 when the Rule was enacted. In the past twenty-six years there has been a remarkable growth in the number and type of media outlets and distribution systems, both regulated and unregulated, and in the consolidation and concentration of ownership of regulated broadcast stations and other, unregulated, media.

Consolidation of broadcast properties in a single market, made possible by the Telecommunications Act of 1996 (the "1996 Act") and the relaxation of both the one to a market rule and the television duopoly rule, results in financial improvement of the consolidated stations. Consolidated stations in a market are able to program to a variety of tastes and, consequently, to offer a larger audience to advertisers in that market. Consolidated stations also achieve cost savings by locating all properties in the same physical facilities, by sharing common functions, such as management, accounting and promotions, and by aggregating purchases of programming and other services.

Consolidation also allows consolidated stations to serve their community more effectively as the scale of the consolidated operations, based largely on the number of stations in a market under common management, increases. As the scale of consolidated operations increases, so does the number of employees and recognized on-air personalities, listeners and viewers, advertisers and other business and social contacts. All of these, coupled with improved financial position, contribute to the appeal, reach and effectiveness of public service, such as charitable fund-raising, employment opportunities and outreach, job fairs and employment training, public awareness and treatment of community issues and many other public service activities.[1]

The consolidation of stations within a single market is necessary to enable broadcast stations in a local market to compete with other media, particularly unregulated media with a nationwide presence. As advertiser-supported businesses, radio and television compete on a national and a local basis for advertising revenue, not only with other radio and television stations, but also with traditional advertiser and subscriber-supported media, such as newspaper, billboard and direct mail, and ever more increasingly with advertiser and subscriber-supported "new media" such as cable television, satellite television, satellite radio and other "fully integrated, internet-powered

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1 In response to the proponents of the Rule who argue that each acquisition of a station by a consolidator causes a loss of a "voice" in the market, BIC would answer that the availability of community access television, low power television and low power radio, internet technology (which permits unlimited web pages, chat rooms, ideological affiliation ("buddy groups") on line, multiple on line versions of newspapers and magazines and other methods of mass distribution of a message), and the low cost of space in local newspapers and periodicals, a person who has and wishes to communicate a message is not realistically restrained from doing so and does not need to own or program a full power radio or television station in order to do so.

media and communications compan[ies]."[2] Most broadcast stations do not have the ability to compete effectively against companies, of both old and new media, with nationwide presence. This is due, in part, to the limitations on the reach of the signal of a broadcast station. In order to fulfill the mandate to serve the public interest, convenience and necessity of its local community, a Commission licensed broadcast station must be able to compete effectively in its community of license. BIC submits that this ability to compete would be further enhanced by permitting the common ownership of local broadcast stations and local newspapers.

By allowing joint ownership of broadcast and newspaper activities, certain economies of scale and operating efficiencies could be achieved, which would result in stronger, more stable and efficient competitors and effective providers of public service. As demonstrated in the Comments of the National Association of Broadcasters in the Matter of 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 (the "NAB Comments"), particularly the Bond & Pecaro study attached thereto as Appendix B, the financial condition of newspapers might be bolstered by being affiliated with a local broadcast operation. According to the NAB Comments, "efficiency gains would result in increased operating cash flow ranging from 8.6% to 22%." BIC believes, for example, that combining the operations of the Deseret News with KSL Newsradio and KSL-TV will improve the financial position of all three.[3] This improvement will, in the face of the changes and competition described above, permit BIC and the Deseret News to continue to provide news and information to their listening, viewing and

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2 See AOL Time Warner's description of itself in the "Business" section from Part I of AOL Time Warner Inc.'s 10-K for the Transition Period from July 1, 2000 to December 31, 2000.

3 BIC notes that the operations of the Deseret News appear to be in decline. In 1975 the Deseret News had a daily circulation of approximately 71,300. In 2000, its daily circulation decreased to 67,300. During this same

reading audience. BIC further believes, as discussed below, that such financial improvement, together with the consolidation and coordination of certain activities of KSL-TV, KSL Newsradio and the Deseret News, will improve the quality of its products and the nature and quantity of public service provided.

III. JOINT OPERATION OF BROADCAST AND NEWSPAPER ACTIVITIES WILL RESULT IN BETTER CONTENT AND GREATER PUBLIC SERVICE.

A financially strengthened and combined organization involving KSL-TV, KSL Newsradio and the Deseret News could offer the community they serve more complete news, entertainment and information content and accomplish greater public service. Until just recently, the operations of KSL-TV and KSL Newsradio, on the one part, and the Deseret News, on the other part, were operated fairly independently and autonomously. Recently, BIC and the Deseret News Publishing Corporation began a study of the effects of combined operations and joint activities. As a result of such studies, KSL-TV and KSL Newsradio are currently engaged with the Deseret News in further studying and implementing convergence initiatives designed to consolidate and strengthen news gathering and reporting activities. As an example, Deseret News reporters now are heard on KSL, where in the past both a KSL newsperson and a Deseret News reporter may have been at the same location. It is anticipated that these initiatives will result in more thorough, up-to-date, relevant and accurate news and information.

BIC anticipates a combined effort by KSL-TV, KSL Newsradio and the Deseret News to advertisers that will increase the revenue opportunities available to the stations and the newspaper. The combined effort will produce more to offer to readers, listeners, viewers and advertisers. The Deseret News now includes highlighted references on its news pages to KSL

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period, the population of Salt Lake County increased from 521,200 to 902,777.

Newsradio talk shows and to KSL-TV coverage treating the same issues covered in the newspaper article. Both the newspaper and the broadcast operations refer readers, listeners and viewers to a jointly funded and operated web site dealing with the 2002 Winter Olympics in Salt Lake City. BIC also believes cooperative efforts with the newspaper will result in cost savings. Among other things, the sharing of research costs and community polls and surveys should reduce costs to the combined operations. KSL and the Deseret News have hired a multi-media editor to coordinate the collaboration in news gathering and reporting. In time, more cost savings efforts, such as co-locating in the same building, and sharing general and administrative cost and expenses will improve the profitability of broadcast and publishing activities.

As revenues increase and cost savings are experienced, the combined broadcast/publishing activity should be able to compete more effectively in the community they serve against increasing competition from new media and companies with a nationwide presence for the eyes and ears of KSL's and Deseret News's traditional audience.

BIC is proud of its public service and employment record. As reported in its annual Values Report, in the year 2000 BIC contributed community services worth almost $32,000,000 to the six cities in which BIC operates. Those services included donated airtime, production services, special programming, cash contributions and employee volunteer time (BIC has a policy of allowing its employees to spend twenty hours a year on community service projects during normal business hours). For such service, BIC has received many awards and recognitions, both from within and without the broadcast industry. BIC believes that closer coordination with the Deseret News will allow greater effectiveness in community services as Deseret News employees, advertisers and other contacts and supporters are joined with BIC's efforts.

IV. THE RULE OVERLY RESTRICTS BROADCASTERS IN A GRANDFATHERED MARKET AND NEGATIVELY IMPACTS COMPETITION AND PUBLIC SERVICE.

The Rule not only prohibits the kind of collaborative newspaper/broadcast efforts under joint ownership discussed above, it also results in a "grandfathered" broadcast station owner being unable to expand its broadcast activities in a "grandfathered" market. This negatively impacts the "grandfathered" broadcast station from being able to compete against consolidated broadcast groups in its own market. This inability to grow in a market also negatively impacts the effectiveness of a station's public service efforts.

In 1988 BIC, in conjunction with its FCC-licensed affiliate, attempted to purchase KPRN in Roy, Utah. In order to do so, it needed to overcome two regulatory hurdles - the one to a market rule and the newspaper/broadcast cross-ownership rule. The application to transfer the license of KPRN was contested by three petitions to deny, each of which invoked, among other arguments, the newspaper/broadcast cross-ownership rule as a reason to deny the application. The application was ultimately denied as the Commission determined that a waiver of the one to a market rule was inappropriate. The Commission did not address the newspaper/broadcast cross-ownership rule. BIC believes that, it if were presented with the same opportunity to purchase KPRN (or a similar station) today, it would not be able to do so solely on the basis of the broadcast/newspaper cross-ownership rule, the one to a market rule having been relaxed to the point where BIC does not believe it would be an obstacle.

Because of BIC's history, tradition and commitment to public service, discussed above, BIC believes the prohibition on acquiring KPRN was a disservice to the Salt Lake City radio community and its listeners, not a service. The continuation of the inability of BIC, and other similarly situated broadcasters in existing newspaper/broadcast combinations, to expand their broadcast properties is not only fundamentally unfair, but is contrary to the interests of the communities they serve.

V. CONCLUSION

For the foregoing reasons, BIC urges repeal of the Rule in its entirety. Given technological and marketplace developments, the Rule is unnecessary and lacks justification. Elimination of the rule would be beneficial to the broadcast and newspaper industries and would serve the interests of the public.

Respectfully submitted,

BONNEVILLE INTERNATIONAL CORPORATION

By: ____________/s/_______________________
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By: ____________/s/_______________________
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Dated: December 3, 2001