

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

In the Matter of

2006 Quadrennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996

MB Docket No. 06-121

2002 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

MB Docket No. 02-277

Cross-Ownership of Broadcast Stations and Newspapers

MM Docket No. 01-235

Rules and Policies Concerning Multiple Ownership of Radio Stations in Local Markets

MM Docket No. 01-317

Definition of Radio Markets

MM Docket No. 00-244

**REPLY COMMENTS OF MORRIS COMMUNICATIONS COMPANY, LLC**

Morris Communications Company, LLC (“Morris”),<sup>1</sup> hereby submits these brief reply comments in the above-captioned proceedings.<sup>2</sup> Morris’ opening Comments in these

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<sup>1</sup> Morris – one of the country’s strongest mid-size, privately held media companies, with diversified holdings including, among other assets, newspaper publishing and radio broadcasting – currently operates 33 United States radio stations and 27 daily newspapers, including, inter alia, co-located (but separately staffed and operated) radio/newspaper combinations in Topeka, Kansas and Amarillo, Texas.

<sup>2</sup> See *2006 Quadrennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*; *2002 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*; *Cross-Ownership of Broadcast Stations and Newspapers*; *Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets*; *Definition of Radio Markets*, Further Notice of Proposed Rulemaking, FCC 06-93, MB Docket Nos. 06-121, 02-277 and MM Docket Nos. 01-235, 01-317, 00-244 (rel. July 24, 2006). By virtue of subsequent Orders released in these proceedings, the deadline for reply comments is now January 27, 2007. See DA 06-1663 (rel. Sept. 18, 2006) (extending comment and reply comment

proceedings (“Morris Comments”),<sup>3</sup> as well as its previous submissions in related proceedings spanning the past decade,<sup>4</sup> demonstrate that the Commission should repeal – or at minimum substantially relax – the current absolute prohibition against same-market newspaper/broadcast cross-ownership. Relevant comments submitted by other parties in these proceedings overwhelmingly support Morris’ position. In particular, the record shows that the newspaper-broadcast cross-ownership ban is unnecessary in light of today’s crowded and highly competitive media marketplace, that the restriction disserves the public interest by prohibiting newspaper/broadcast combinations that would provide superior news and information programming, and that the rule unfairly puts newspaper publishers at a competitive disadvantage vis-à-vis their broadcast-only competitors at a time when both the newspaper and broadcast industries are suffering significant economic downturns. For these reasons, Morris’ again urges the Commission to eliminate the newspaper/broadcast cross-ownership rule as soon as possible.

**I. GIVEN TODAY’S CROWDED, COMPETITIVE, DIVERSE, AND LOCALLY-ORIENTED MEDIA MARKETPLACE, THE ARCHAIC NEWSPAPER/BROADCAST CROSS-OWNERSHIP BAN IS UNNECESSARY**

The Morris Comments show that a staggering abundance of media choices are available to consumers in today’s highly competitive, fragmented, and continually-expanding media-

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deadlines to October 23, 2006 and December 21, 2006, respectively); DA 06-2514 (rel. Dec. 15, 2006) (extending deadline for reply comments until January 27, 2007).

<sup>3</sup> See generally Comments of Morris Communications Company, LLC (filed Oct. 23, 2006) (“Morris Comments”).

<sup>4</sup> See, e.g., Comments of Morris Communications Corporation, MB Docket No. 02-277 and MM Docket Nos. 01-235, 01-317, 00-244 (filed Jan. 2, 2003); Reply Comments of Morris Communications Corporation, MM Docket Nos. 01-235, 96-197 (filed Feb. 15, 2002); Comments of Morris Communications Corporation, MM Docket Nos. 01-235, 96-197 (filed Dec. 3, 2001); Reply Comments of Morris Communications Corporation and Stauffer Communications, Inc. in MM Docket No. 96-197 (filed Mar. 21, 1997); Morris Comments. Morris hereby incorporates these filings by reference.

marketplace.<sup>5</sup> Comments submitted by other parties echo these conclusions, in many cases providing comprehensive real-world data and information from specific markets (including markets with existing newspaper/broadcast combinations) concerning the ongoing explosion of media competition, diversity, and choice since the adoption of the newspaper/broadcast cross-ownership rule over thirty years ago – and even in the three years since the Commission’s last consideration of these issues.<sup>6</sup> And the Internet now provides consumers with a vast amount of local news, entertainment, and other content.<sup>7</sup> In short, never before have such a large number and wide variety of news and information sources been available to Americans.<sup>8</sup> In this inarguably diverse, competitive, and local media marketplace, the Commission simply cannot

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<sup>5</sup> See Morris Comments at 9-13.

<sup>6</sup> See, e.g., Comments of Belo Corp. at 10-12 (“Belo Comments”); Comments of Bonneville International Corporation at 6-11 (“Bonneville Comments”); Comments of CBS Corporation at 1-3, 6-11 (“CBS Comments”); Comments of Clear Channel Communications, Inc. at 7-17; Comments of Cox Enterprises, Inc. at 17-18, 20-23 (“Cox Comments”); Comments of Entravision Holdings, LLC at 6-9 (“Entravision Comments”); Comments of Fox Entertainment Group and Fox Television Stations, Inc. at 5-17 (“Fox Comments”); Comments of Freedom of Expression Foundation at 10-12 (“Freedom of Expression Comments”); Comments of Gannett Co., Inc. at 14-20 (“Gannett Comments”); Comments of Gray Television, Inc. at 6-11 (“Gray Comments”); Comments of Hearst-Argyle Television, Inc. at 4-25 (“Hearst-Argyle Comments”); Comments of Media General, Inc. at 42-63, App. 7, 9-14 (“Media General Comments”); Comments of The Media Institute at 1, 4-5 (“Media Institute Comments”); Comments of the National Association of Broadcasters at 5-22, Attachment A (“NAB Comments”); Comments of NBC Universal, Inc. and NBC Telemundo at 12-22 (“NBC Comments”); Comments of Newspaper Association of America at 23-64 (“NAA Comments”); Comments of Nexstar Broadcasting at 6-10 (“Nexstar Comments”); Comments of the Progress and Freedom Foundation at 10-40 (“Progress and Freedom Foundation Comments”); Comments of Shamrock Communications Inc. and the Scranton Times, L.P. at 2-3 (“Shamrock Comments”); Comments of Sinclair Broadcast Group, Inc. at 8-10, 12-25; Comments of Tribune Company at 15-79 (“Tribune Comments”). All of these comments were filed on October 23, 2006.

<sup>7</sup> See, e.g., Belo Comments at 11; Bonneville Comments at 9-10; Cox Comments at 22, 23; Entravision Comments at 6-9; Fox Comments at 14-15; Gannett Comments at 19-20; Hearst-Argyle Comments at 12-13, 20-22; Media General Comments at 52-54, App. 9-14; Morris Comments at 11-13; NAA Comments at 46-64; NAB Comments at 18; NBC Comments at 20-22; Tribune Comments at 20-26, 44-46, 53-55, 62-64, 70-72, 78-79.

<sup>8</sup> See, e.g., Fox Comments at 5-6, 10; Gray Comments at 8-9; Hearst-Argyle Comments at 7; Morris Comments at 12; NAA Comments at 23; NAB Comments at 49-54; Progress and Freedom Foundation Comments at 36-40.

justify retention of its anachronistic restriction on newspaper/broadcast cross-ownership.

**II. THE CURRENT NEWSPAPER/BROADCAST CROSS-OWNERSHIP PROHIBITION DISSERVES THE PUBLIC INTEREST BY PROHIBITING COMBINATIONS THAT COULD PROVIDE SUPERIOR NEWS AND INFORMATIONAL PROGRAMMING WITHOUT HARMING DIVERSITY**

The comments on remand in this proceeding overwhelmingly support the FCC’s prior conclusion that newspaper/broadcast cross-ownership does not diminish viewpoint diversity.<sup>9</sup> To the contrary, it is clear that entities with multiple same-market media outlets tend to use those properties to provide diverse, independent material, thereby making more news and information content available to consumers, rather than as multiple platforms for a monolithic viewpoint.<sup>10</sup> The evidence in this proceeding also shows that newspaper/broadcast combinations provide superb service to their local communities.<sup>11</sup> Therefore, the Commission’s outdated newspaper/broadcast cross-ownership disserves the public interest by forbidding media combinations that would ultimately benefit citizens, without securing any counterbalancing public interest benefit.

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<sup>9</sup> See, e.g., *2002 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; Cross-Ownership of Broadcast Stations and Newspapers; Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets; Definition of Radio Markets; Definition of Radio Markets for Areas Not Located in an Arbitron Survey Area*, Report and Order and Notice of Proposed Rulemaking, 18 FCC Rcd 13620, ¶¶ 355-69 (2003) (“*2003 Order*”); Belo Comments at 13-17; Comments of Block Communications, Inc. at 6-8 (“*Block Communications Comments*”); Cox Comments at 25-31; Freedom of Expression Comments at 12-15; Gannett Comments at 25-31; Hearst-Argyle Comments at 46-51; Media General Comments at 34-38; Media Institute Comments at 5; NAB Comments at 111-112; Shamrock Comments at 3-4; Tribune Comments at 34-79.

<sup>10</sup> See, e.g., Freedom of Expression Comments at 13; Gannett Comments at 43-44; Hearst-Argyle Comments at 31; Media General Comments at 32; Media Institute Comments at 6; NAA Comments at 65, 79-83.

<sup>11</sup> See, e.g., Belo Comments at 13-15; Cox Comments at 13-18; Gannett Comments, at 25-31; Media General Comments at 7-22 & App. 4; Morris Comments at 13-20; Tribune Comments at 34-79.

While owners of single stations have the incentive to maximize profits by appealing to as broad an audience segment as possible and may tend to avoid costly, unique programming with more limited appeal, owners of multiple properties have every reason to diversify content across platforms and offer niche content, thereby expanding total audience reach.<sup>12</sup> Cost savings and operational synergies have allowed existing newspaper/broadcast combinations to offer expanded, innovative, and diverse content – without harming viewpoint diversity.<sup>13</sup> Indeed, cross-owners and multiple-owners tend to run the editorial and journalistic aspects of their same-market properties independently and not to use their outlets merely as multiple vehicles for the same content and views.<sup>14</sup> Academic studies confirm that commonly owned media outlets do not tend to provide a homogenized or monolithic viewpoint, belying the supposed connection between media ownership limitations and viewpoint diversity.<sup>15</sup>

Simply put, newspaper/broadcast cross-ownership provides substantial public interest benefits – in the form of increased, more varied, and higher quality news and informational content – with no demonstrable public interest downside. Morris believes that the superior news and information programming (as well as public service) provided by its broadcast properties is

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<sup>12</sup> See, e.g., Block Communications Comments at 8; Comments of Cascade Broadcasting Group, LLC at 2 (“Cascade Broadcasting Comments”); Freedom of Expression Comments at 13; Gannett Comments at 43-44; Hearst-Argyle Comments at 31; Media General Comments at 32; Media Institute Comments at 6.

<sup>13</sup> See, e.g., Belo Comments at 13-15; Block Communications Comments at 8; Gannett Comments at 25-26; NAB Comments at 115; Media Institute Comments at 5, 8; Shamrock Comments at 4.

<sup>14</sup> See, e.g., Belo Comments at 16; Cox Comments at 19-20, Attachment; Gannett Comments at 26, 30; Freedom of Expression Comments at 14; Media General Comments at 7-8, 34-36, 38, App. 6; NAB Comments at 113-14; Shamrock Comments at 3; Tribune Comments at 34.

<sup>15</sup> Matthew Gentzkow & Jesse M. Shapiro, *What Drives Media Slant?: Evidence from U.S. Daily Newspapers* (2006), available at <http://faculty.chicagosb.edu/matthew.gentzkow/research/biasmeas111306.pdf>; Media General Comments at 35, 38, Appendix 6; NAB Comments at 113-14.

largely attributable to Morris' heritage and culture as a newspaper publisher.<sup>16</sup> However, Morris remains unable to realize the full set of benefits that might result from its common ownership of same-market properties because of limitations imposed by the newspaper-broadcast cross-ownership rule.<sup>17</sup> Common sense, the public interest, and the record before the Commission mandate that the Commission eliminate this long outdated rule as quickly as possible.

**III. AT A TIME WHEN BOTH THE NEWSPAPER AND BROADCAST INDUSTRIES ARE FACING SUBSTANTIAL CHALLENGES, THE CURRENT RESTRICTION ON NEWSPAPER/BROADCAST CROSS-OWNERSHIP PUTS OPERATORS OF EXISTING NEWSPAPER/BROADCAST COMBINATIONS AT AN UNFAIR COMPETITIVE ADVANTAGE IN THE MEDIA MARKETPLACE AND PRECLUDES ENTRY BY OTHER WILLING NEWSPAPER OWNERS**

Based on the record compiled to date, there can be no doubt that both the newspaper and broadcast industries are suffering through significant financial and economic challenges.<sup>18</sup> Further, the existing media ownership restrictions make it difficult for traditional media entities to compete with their existing and emerging multimedia competitors.<sup>19</sup> The Commission can – and should – act promptly to level the field by relaxing or eliminating its unnecessary media

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<sup>16</sup> See Morris Comments at 13-20.

<sup>17</sup> See *id.* at 13-14, 20.

<sup>18</sup> See, e.g., Belo Comments at 18; Block Communications Comments at 2-4, 7-8; Cascade Broadcasting Comments at 1-4; CBS Comments at 11; Cox Comments at 10-12; Fox Comments at 12-13; Freedom of Expression Comments at 10, 22; Gannett Comments at 21-25; Comments of Granite Broadcasting Corporation at 3-6 (“Granite Comments”); Gray Comments at 10-15; Comments of Hoak Media LLC at 4-6 (“Hoak Media Comments”); Comments of KMVD Licensee Co., LLC at 6 (“KMVD Comments”); Media General Comments at 45, 63; Morris Comments at 10-11; NAB Comments at 23-34, 94-98; NBC Comments at 7-12; Nexstar Comments at 6-10; Shamrock Comments at 6-7; Comments of Smaller Market Television Stations at 6-10 (“Smaller Market Television Comments”); Tribune Comments at 33-42, 46-52, 55-61, 64-69, 72-77.

<sup>19</sup> See, e.g., Block Communications Comments at 7-8, Cascade Communications Comments at 3, Gray Comments 11, KMVD Comments at 6, NAB Comments at 27-29, Nexstar Comments at 10.

ownership restrictions, including in particular the ban on common ownership of same-market broadcast and newspaper properties.

The record contains abundant evidence that newspaper circulation, valuations, and advertising revenues continue to decline.<sup>20</sup> The Internet continues to take advertising dollars from traditional newspaper publishers, and the newspaper industry is increasingly unable to recover from periodic declines in advertising revenue<sup>21</sup> These challenges, coupled with continually rising costs, have taken a toll on profits and stock prices.<sup>22</sup> It is not surprising that these economic issues have in some instances had a negative impact on the news operations of newspapers.<sup>23</sup>

The broadcast industry faces similar threats, as audiences continue to make use of alternate media sources such as the Internet and subscription services.<sup>24</sup> Not surprisingly, advertising revenues and station values have suffered substantially, forcing many broadcasters to

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<sup>20</sup> See Financial Health of the Newspaper Industry, June 2006, available at <http://www.fcc.gov/ownership/additional.html> (“2006 Financial Health Analysis”); Fox Comments at 13; Freedom of Expression Comments at 10, 22; Gannett Comments at 21-22; Media General Comments at 45; NAB Comments at 32; Shamrock Comments at 6-7; Tribune Comments at 33-34, 40-43, 51-52, 59-61, 68-69, 76-77.

<sup>21</sup> See 2006 Financial Health Analysis at 1-2.

<sup>22</sup> See *id.* at 2, 4.

<sup>23</sup> See, e.g., Gannett Comments at 22; Frank Ahrens, “Newspaper Ownership is Turning the Page,” *Washington Post* (Jan 16, 2007) at D1; Tom Van Riper and Tara Weiss, “Boston Globe To Lay Off 125 Employees,” *Forbes* (Jan. 11, 2007).

<sup>24</sup> See, e.g., Block Communications Comments at 2; Cascade Communications Comments at 1; CBS Comments at 11; Fox Comments at 12-13; Gannett Comments at 23-24; Granite Comments at 3-4; Gary Comments at 10; Hoak Media Comments at 6; Media General Comments at 63; NAB Comments at 25-27, 29-35; NBC Comments at 7-12; Nexstar Comments at 6-10; Tribune Comments at 35-40, 46-51, 56-59, 64-68, 72-76.

eliminate or cut back high-cost local news operations, especially in small and medium sized markets.<sup>25</sup>

Common ownership of same-market newspaper and broadcast properties is by no means a free ticket out of this situation. Indeed, comments submitted by parties such as the Tribune Company show that cross-owned broadcast properties have experienced declines in audience share, just like their non-newspaper competitors.<sup>26</sup> On the other hand, it is clear that cross-ownership allows newspaper publishers and broadcasters to operate more efficiently and to improve their local news operations.<sup>27</sup> Thus, allowing cross-ownership of same-market newspaper and broadcast properties could help ensure the continued viability of traditional daily newspapers and free, over-the-air broadcasting – without raising any concern that cross-owned properties will dominate and/or stifle competition in their local markets.

In this regard, the current newspaper/broadcast cross-ownership ban disserves the public interest by significantly disadvantaging newspaper owners vis-à-vis their non-newspaper competitors. For example, a radio-only broadcaster can own and operate as many as eight stations in a market under the numerical limits imposed by the local radio ownership rule.<sup>28</sup> In this way, the broadcaster is able to realize cost and operational efficiencies, which may allow it to devote more resources to news and informational programming, as well as other non-mainstream offerings. On the other hand, an entity that owns a daily newspaper cannot acquire

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<sup>25</sup> See, e.g., Block Communications Comments at 2-3; Granite Comments at 3-46; Gray Comments at 12-15; Hoak Media Comments at 4, 6; Media General Comments at 63; NAB Comments at 29-35, 94-98; NBC Comments at 10-12; Nexstar Comments at 10; Smaller Market TV Comments at 6-10.

<sup>26</sup> See, e.g., Tribune Comments at 36-38, 46-48, 56-58, 64-66, 72-74.

<sup>27</sup> See, e.g., NAA Comments at 65-79.

<sup>28</sup> 47 C.F.R. § 73.3555(a).

and operate *any* same-market broadcast properties,<sup>29</sup> and therefore cannot realize *any* of the efficiencies that would result from common ownership.<sup>30</sup> Thus, the ban on newspaper/ broadcast cross-ownership makes it more difficult for newspaper publishers – the parties that can be most reasonably be expected to have a commitment to local public service – to ensure the continued viability of, and improve, their local news, information, and entertainment programming. Nothing about this situation serves the public interest.<sup>31</sup> Indeed, in light of the especially dramatic changes in the marketplace that have occurred since 2003, the need for regulatory relief has become even more acute since the Commission’s last – and still incomplete – periodic review proceeding.<sup>32</sup>

#### IV. CONCLUSION

The newspaper/broadcast cross-ownership prohibition plainly is unnecessary to protect competition or diversity in today’s highly fragmented, competitive, and diverse media marketplace. Further, the antiquated ban precludes newspaper/broadcast combinations that would provide superior news and informational programming and unfairly disadvantages newspaper owners vis-à-vis to their non-newspaper competitors in the marketplace. The financial and economic challenges facing daily newspapers and local broadcasters are real and

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<sup>29</sup> *Id.* § 73.3555(d).

<sup>30</sup> Similarly, owners of grandfathered or waived newspaper/broadcast combinations are unable to acquire and operate additional broadcast properties, and therefore cannot fully realize the benefits of common ownership their broadcast-only competitors enjoy.

<sup>31</sup> Morris believes the record demonstrates that the marketplace is more than sufficiently diverse and competitive to eliminate *any* concern with respect to newspaper/broadcast combinations. Nonetheless, it should be noted that even the proponents of continued restrictions advance no justification for retaining limitations on newspaper/*radio* cross-ownership. Indeed, the few commenters who ask the Commission to retain the ban generally focus on the continuing popularity of newspapers and television news coverage as the supposed basis for FCC concern.

<sup>32</sup> *See, e.g.*, Block Communications Comments at 7-8, Gannett Comments at 24.

substantial, and will only grow as the Internet and the myriad of other alternative media continue to grow in scope and accessibility. The Commission should move forward quickly to help ensure the continued health of traditional media outlets by eliminating the restriction on newspaper/broadcast cross-ownership.

Respectfully submitted,

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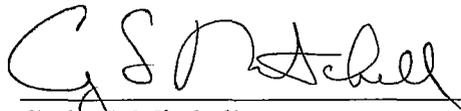
Dated: January 16, 2007

**DECLARATION OF CRAIG S. MITCHELL**

I, Craig S. Mitchell, hereby declare and state as follows:

1. I am Senior Vice President-Finance of Morris Communications Company, LLC.
2. I have reviewed the accompanying "Reply Comments of Morris Communications Company, LLC." The facts set forth therein are accurate to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

  
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Craig S. Mitchell

Dated: January 16, 2007