TENNESSEE ASSOCIATION OF BROADCASTERS
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TO Marlene H. Dortch, Secretary two pages
Federal Communications Commission 4345 12th Street, S.W.
Washington, DC 20054

RE: Consolidated application of News Corporation, The DirecTV Group, Inc., and Liberty Media Corporation for authority to Transfer Control
(MB Docket No. 07-18)

This Association (TAB) has reviewed and it is our understanding that the DirecTV Group, Inc. ("DirecTV") has submitted a letter from its attorneys arguing that no condition should be imposed on DirecTV requiring it to provide local-into-local service in the remaining 61 rural television markets in 31 states. The Jackson, Tennessee market is one of the remaining unserved television areas.

In support of its argument, DirecTV attached a 507 -page, supposedly independent, economic study by LECG, LLC ("LECG"). Not surprisingly, the study concluded that it would cost DirecTV $251 million to meet that condition. The North Dakota Broadcasters Association commissioned a review of that report, and its consultant, Dr.Bemhard Charlemagne, found that although LECG used standard economic methods in preparing its report, their study also used questionable assumptions and source material, resulting in unjustified predictions and rendering questionable the validity of the report.

DirecTV's filing confirms the position of the North Dakota Broadcasters Association. Prior to the agreement between NewsCorp and Liberty, DirecTV was planning to use its satellite capacity to significantly expand its local-into-local television service. With the announcement of the proposed purchase by Liberty, DirecTV abandoned its plans to serve rural areas of America and instead chose to concentrate its satellite capacity on providing high definition television offerings in major markets. Then, when the Commission staff sent interrogatories to Liberty and DirecTV and asked for economic studies contrasting local-into-local service with high definition television, Liberty and DirecTV denied that any such studies existed. A week later, they filed the 507-page *undated* report. It is so counterintuitive as to be unbelievable that such a huge shift in corporate strategy about the use of its satellite capacity was done without a single economic study.

As noted in the analysis prepared by Dr. Charlemagne, the LECG report relies almost entirely on numbers provided by either DirecTV or Liberty, which immediately calls into question the value of that report, as well as its underlying assumption that DirecTV lacks the satellite capacity to immediately provide full local into-local service. Because DirecTV's revised plan is to devote its existing satellite capacity to the more profitable provision of HDTV service in major markets, LECG factored the cost of a new satellite into its estimates of the cost to DirecTV of expanded local-into-local service.

The analysis relies instead on numbers derived from 10-Q SEC filings of publicly held EchoStar Corporation. Echo Star' s publicly reported filing demonstrates that in fact the numbers are vastly different from those used by LECG and finds there are 5,940,000 households in these 60 markets, from which DirecTV should add to its base 564,300 subscribers at a per-subscriber acquisition cost of $645 each. This results in an increase in Shareholder Value of $629,194,500 and revenue over 15 years of $6.7 billion.

The fact remains that DirecTV has existing satellite capacity. The only uncertainty is how much they would make, not how much they would lose. Virtually any business will make more money in New York City than it will in rural America – like Jackson, Tennessee. That should never be the deciding factor in the Federal Communication Commission's determination of the requirements of the public interest.

Respectfully submitted,

Whit Adamson

Whit Adamson, President

Tennessee Association of Broadcasters

cc: TAB Board of Directors