Comments in Response to Localism Notice of Proposed RulemakingMB Docket No. 04-233
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Programmers Broadcasting, Inc. Minot, North Dakota

This comment addresses the FCC's proposed Main Studio rule.

We are a husband and wife team who own three three full-power FM's in North Dakota - one in Bottineau (KBTO-FM), and two (KWGO-FM & KTZU-FM) serving the Minot, Burlington, and Velva markets. Ours are the only locally owned commercial radio stations in these markets.

In comments filed previously we did not address the Commission's proposed change to the main studio rule. We wrongly assumed that should the FCC approve this rule, it would only apply to NEW construction permits. We have since learned that this rule would apply to all existing operations. This proposed rule change alone would re-draw the face of radio across the nation and have a far-reaching negative impact - the polar opposite effect from what the proposed rule is purported to achieve. This new main studio rule works to destroy localism.

Radio groups large and small would be forced to pay unfathomable amounts of money to break up their groups, break up their staff, and relocate countless stations to studios miles away. This impacts everything about the radio operation, from the extreme financial cost of building a new facility, to staffing issues, to consumer confidence (listeners and advertisers) in those stations.

We paid hundreds of thousands of dollars for these two construction permits in Auction 37. We bid in good faith based on the FCC's rules that allowed us to co-locate these studios in Minot. If this proposed main studio rule had been in effect at the time of Auction 37, there is absolutely no way we would have even considered bidding on these frequencies. It is extremely unjust for the FCC to change this rule after allowing so many entities to purchase construction permits based on this understanding.

In our case, two of the three stations we operate are located outside their city of license, but within the distance allowed by current FCC rules. Our main studios are co-located in Minot, North Dakota. One station, KTZU-FM, is licensed to Velva, North Dakota, 22 miles southeast of Minot. The other station, KWGO-FM, is license to Burlington, North Dakota, 7 miles northwest of Minot. Velva's population is 1,049. Burlington's population is 1,096.

Being co-located in Minot, population 35,424, allows us to cater to the needs of all three communities at once. Being co-located in Minot also allows us to provide better service by having the talents of a much larger staff at the disposal of either station. Isolating our staffs from one-another and putting 29 miles between them not only destroys morale, it robs each station of the unique talents shared by

staff from the other station. We have several employees who would quit working for us rather than drive out of town to work.
Currently, the residents of Burlington and Velva accept us as "their" radio stations, and they come to us for help on a wide variety of community events. However, our Minot audience (an estimated 94 percent of our total audience) would no longer consider our stations "theirs". A larger city will not accept a radio station in a smaller community as their own. With populations not much over 1,000, neither Burlington nor Velva has enough listeners or businesses to support a radio station.

Here is a breakdown of what this proposed main studio rule would cost our operation. These costs are accurate and based on what it cost us to build our current facility in 2005.

New Tower for Velva $110,000
Antenna for Velva $35,000
New Transmitter Building $5,000
Land Rent $5,000
2 new STL Towers $24,000
2 new STL Units $12,000
1 new STL Antenna $1,200
Consulting Engineer Study 2 locations $35,000
Engineering Costs 2 new locations $30,000
FCC and Legal Fees $15,000
Two locations office setup costs $60,000
Minimum Initial Cost $332,200

These costs are initial startup costs, and do not in any way include the 100 percent increase in day-to-day operational costs that this rule would impose. Considering we are an operation that brings in less than $2 million dollars a year, the FCC is proposing to impose a financial burden that very well may put us out of business. Our profitability would suffer drastically by being forced to break up and re-locate our stations outside of the community that provides nearly 100 percent of our revenue. Furthermore, no financial institution would ever agree to finance such a move. That leaves cash reserves. Most small businesses, radio or other, do not have that kind of money readily available. This means our only choice would be to sell the operation, but to whom? Certainly not a local owner.

Being co-located in Minot also gives the community of Minot two more radio stations to deliver services to its community. If you consider nothing else, please, strongly consider this; if KTZU-FM and KWGO-FM were not physically located in the city of Minot, the citizens of Minot would once again have only 6 commercial radio stations, each and every one of them owned by the out of state corporation, Clear Channel Communications. And the FCC would have to explain to the citizens of

Minot why they took away the only two locally owned and operated radio stations that existed in this community.

Enact this new main studio rule, and the FCC will be solely responsible for returning radio in the community of Minot to the state it was in when that infamous train derailment took place in Minot in 2002.