

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

In the Matter of)	
)	
2010 Quadrennial Regulatory Review –)	MB Docket No. 09-182
Review of the Commission’s Broadcast)	
Ownership Rules and Other Rules Adopted)	
Pursuant to Section 202 of the)	
Telecommunications Act of 1996)	
)	
Promoting Diversification of Ownership)	MB Docket No. 07-294
In the Broadcasting Services)	

REPLY COMMENTS OF MORRIS COMMUNICATIONS COMPANY, LLC

I. INTRODUCTION AND SUMMARY

Morris Communications Company, LLC (“Morris”) hereby submits these brief reply comments in the above-captioned proceeding.¹ Morris’ opening comments in this proceeding,² as well as its previous submissions in media ownership proceedings,³ demonstrate that the Commission should repeal, or at a minimum far more substantially

¹ See *2010 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; Promoting Diversification of Ownership in the Broadcasting Services*, Notice of Proposed Rulemaking, FCC 11-186, MB Docket Nos. 09-182, 07-294 (rel. Dec. 22, 2011) (“NPRM”); see also *2010 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; Promoting Diversification of Ownership in the Broadcasting Services*, Order, DA 12-467, MB Docket Nos. 09-182, 07-294 (rel. Mar. 26, 2012) (extending deadline for reply comments until April 17, 2012).

² See generally Comments of Morris Communications Company, LLC, MB Docket Nos. 09-182, 07-294 (filed Mar. 5, 2012).

³ See, e.g., Comments of Morris Communications Company, LLC, MB Docket No. 09-182 (filed July 12, 2010); Comments of Morris Communications Company, LLC, MB Docket No. 06-121 (filed Dec. 11, 2007); Reply Comments of Morris Communications Company, LLC, MB Docket No. 06-121 (filed Jan. 16, 2007); Comments of Morris Communications Company, LLC, MB Docket No. 06-121 (filed Oct. 23, 2006); Comments of Morris Communications Corporation, MB Docket No. 02-277 (filed Jan. 2, 2003); Comments of Morris Communications Corporation, MM Docket No. 01-235 (filed Dec. 3, 2001).

relax, the prohibition against same-market newspaper/broadcast cross-ownership. The overwhelming majority of commenters in the opening round of this proceeding support eliminating or relaxing the Commission's ban on newspaper/broadcast cross-ownership, providing extensive real-world evidence that such combinations promote the public interest without harming diversity.⁴ In particular, the opening comments demonstrate that continued restrictions on newspaper/broadcast cross-ownership are unnecessary to promote viewpoint diversity in light of the proliferation of competing voices in today's media marketplace, hamper the ability of newspaper publishers and broadcasters to benefit from cost and operational efficiencies at a time when both industries are suffering significant economic challenges, stifle investment in newspaper publishing and broadcasting, and disserve the public interest by prohibiting combinations that would enhance the provision of local news and information to communities.

Although a small handful of alarmist parties attempt to persuade the Commission that it should not loosen the ban on newspaper/broadcast cross-ownership even minimally, these parties ignore the revolutionary changes that have occurred in the information marketplace and fail to substantiate their position with specific evidence to show that newspaper/broadcast combinations are harmful to competition, diversity, or

⁴ See Comments of A.H. Belo Corporation, MB Docket Nos. 09-182, 07-294, at 1-14 (filed Mar. 5, 2012) ("A.H. Belo Comments"); Comments of Bonneville International Corporation & The Scranton Times, L.P., MB Docket Nos. 09-182, 07-294, at 1-26 (filed Mar. 5, 2012) ("Bonneville/Scranton Times Comments"); Comments of Cedar Rapids Television Company, MB Docket Nos. 09-182, 07-294, at 3-12 (filed Mar. 5, 2012) ("Cedar Rapids Comments"); Comments of Cox Media Group, MB Docket No. 09-182, at 2-19 (filed Mar. 5, 2012) ("Cox Comments"); Comments of Fox Entertainment Group, Inc. & Fox Television Holdings, Inc., MB Docket Nos. 09-182, 07-294, at 19-31 (filed Mar. 5, 2012) ("Fox Comments"); Comments of the National Association of Broadcasters, MB Docket Nos. 09-182, 07-294, at 39-49 (filed Mar. 5, 2012) ("NAB Comments"); Comments of the Newspaper Association of America, MB Docket Nos. 09-182, 07-294, at 1-28 (filed Mar. 5, 2012) ("NAA Comments"); Comments of Tribune Company, Debtor-in-Possession, MB Docket Nos. 09-182, 07-294, at 1-70 (filed Mar. 5, 2012) ("Tribune Comments").

localism concerns. Instead, these parties generally decry the harmful effects of consolidation, basing their hyperbolic claims on speculative assumptions about the impact of common ownership without any supporting evidence. Of the small handful of commenters who generally oppose relaxation of the newspaper/broadcast cross-ownership ban, none specifically addressed the FCC's inquiry as to whether it should eliminate or relax restrictions on newspaper/radio cross-ownership. Further, none of these parties took issue with the Commission's observation that radio is cited less frequently by consumers as a source of news and information than newspapers and television broadcasts or the FCC's recognition that radio stations are not the dominant source of local news and information. Thus, the record strongly supports the conclusions that there is no justification for continued limitations on newspaper/broadcast cross-ownership and that, at a very minimum, the Commission should eliminate any restrictions on newspaper/radio cross-ownership.

II. THE OPENING COMMENTS PROVIDE COMPELLING SUPPORT FOR ELIMINATING OR, AT A MINIMUM, RELAXING RESTRICTIONS ON NEWSPAPER/BROADCAST CROSS-OWNERSHIP.

Morris and other parties show that the record provides compelling support for repealing the ban on newspaper/broadcast cross-ownership, which serves no valid public interest purpose. The archaic newspaper/broadcast cross-ownership ban was adopted almost four decades ago in the hopes that it would lead to gains in diversity. Yet, the sole premise for the rule has long been rendered obsolete by transformations to the constantly evolving, highly competitive, and incredibly diverse media landscape. Supplementing the already extensive record before the agency on this rule, the opening comments demonstrate that growth in the media marketplace has continued unabated in the years since the last media ownership review, and that the Internet has become central to

American media consumption and an increasingly important source of local news and information. Moreover, the opening comments show that the serious economic challenges faced by the newspaper and broadcast industries in recent years are not fleeting. Repealing the cross-ownership ban would allow newspaper publishers and broadcasters to achieve efficiencies in their news operations that could alleviate financial hardships and ensure their continued ability to provide locally-focused journalism critical to the communities they serve.

Morris and other commenters provide detailed evidence regarding the remarkable growth that has occurred in the local media marketplace in recent years, including dramatic increases in the availability and impact of alternative media.⁵ As technology evolves at an astounding pace, the abundance of new media choices allows consumers to participate in news creation, dissemination, and consumption in ways never imagined 37 years ago. Notably, the record shows that the Internet has become an increasingly vital component of the local news and informational marketplace.⁶ Multiple commenters cite research affirming the Internet's emerging role as an significant source for local news and information, including, for example, a Pew Research Center study finding that the Internet is the first or second most important source of local news and information for fifteen of the sixteen topics examined in the study.⁷ Although today's media landscape is profoundly different than that which existed when the newspaper/broadcast cross-

⁵ See, e.g., Morris Comments at 6-8; A.H. Belo Comments at 5-8; Cedar Rapids Comments at 8-9; Cox Comments at 5-6; Fox Comments at 7-19; NAA Comments at 3; NAB Comments at 6-8, 42-43; Tribune Comments at 24-44.

⁶ See, e.g., Morris Comments at 6-8; A.H. Belo Comments at 7; Cedar Rapids Comments at 8-10; Fox Comments at 7-15; NAA Comments at 3; NAB Comments at 7-8; Tribune Comments at 28-44.

⁷ See, e.g., Morris Comments at 7-8 & n.15; A.H. Belo Comments at 7 & n.20; Cedar Rapids Comments at 10 & n.16; Fox Comments at 12 & n.29; NAB Comments at 7-8 & n.31.

ownership rule was adopted, the Commission proposes only minimal changes to the outmoded ban. In today's crowded and highly competitive media marketplace, however, the FCC cannot justify retention of its anachronistic limitations on newspaper/broadcast combinations.

Many commenters further demonstrate that broadcasters and daily newspapers are facing unprecedented competitive and financial challenges in the current media environment that threaten their ability to sustain costly and time-intensive local news operations.⁸ The newspaper industry in particular continues to experience marked declines in advertising and circulation revenues as increased competition from the Internet has upended the industry's traditional business models.⁹ In the context of these market realities, repealing the newspaper/broadcast cross-ownership rule will allow newspaper and broadcast properties to take advantage of the efficiencies of scale from cross-ownership and help them to continue to deliver high quality local news and public affairs programming to their communities.

Eliminating the prohibition on newspaper/broadcast cross-ownership would open up the potential for local broadcast companies to invest in newspapers, or newspapers in broadcast stations, which can enhance the local newsgathering and journalistic capabilities of both traditional media. In addition, outdated cross-ownership restrictions discourage institutional investors from investing in either newspaper or broadcast properties because they involve extensive reporting and arcane compliance requirements

⁸ See, e.g., Morris Comments at 19-21; A.H. Belo Comments at 5-8; Cedar Rapids Comments at 8-11; Cox Comments at 6-7, 15-17; NAA Comments at 4-12; Tribune Comments at 45-53; see also NAB Comments at 16-18.

⁹ See, e.g., NAA Comments at 4-12.

that do not apply to competing media, such as investment in cable or satellite programming or Internet services.

The misdirected claim of a pro-regulatory commenter that relaxing the newspaper/broadcast cross-ownership rule is not necessary to “save” the newspaper industry ignores the very real competitive challenges faced by publishers and undervalues the critical role that newspapers play in local enterprise reporting.¹⁰ More importantly, it ignores the fundamental purpose of Section 202(h) of the 1996 Telecommunications Act, which requires the FCC to determine whether its media ownership rules remain “necessary in the public interest as the result of competition” and to repeal or modify any regulation that is “no longer in the public interest.”¹¹ The suggestion that relief from archaic regulations should only be available in the direst of circumstances misses the mark entirely and would turn the governing statute on its head.

Moreover, the *Future of Media Report* highlights the seriousness of the competitive challenges faced by newspaper publishers, finding that resulting contractions in news operations threaten the “independent reporting that provides information, investigation, analysis, and community knowledge, particularly in the coverage of local affairs.”¹² While allowing common-ownership of newspaper and broadcast properties may not be a panacea to financial troubles, it would provide sorely-needed economic help by allowing publishers and broadcasters to realize cost and operational efficiencies,

¹⁰ See Comments of Free Press, MB Docket Nos. 09-182, 07-294, at 26, 35-39 (filed Mar. 5, 2012) (“Free Press Comments”).

¹¹ Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996), § 202(h).

¹² STEVE WALDMAN & THE WORKING GROUP ON INFORMATION NEEDS OF COMMUNITIES, THE INFORMATION NEEDS OF COMMUNITIES: THE CHANGING MEDIA LANDSCAPE IN A BROADBAND AGE, at 11 (June 2011) (“*Future of Media Report*”), available at http://transition.fcc.gov/osp/inc-report/The_Information_Needs_of_Communities.pdf (last visited Apr. 11, 2012) (citation omitted).

allowing them to invest more in newsroom operations. Further, it would remove an impediment to investment in newspapers by local broadcast companies as well as by institutional investors of all varieties. Providing regulatory relief from the cross-ownership restriction thus will afford needed flexibility to newspapers and broadcasters to cope with the real economic challenges they continue to face and help ensure their continued viability.

III. THE OPENING COMMENTS SHOW THAT LIMITATIONS ON NEWSPAPER/BROADCAST CROSS-OWNERSHIP ARE CONTRARY TO THE PUBLIC INTEREST.

The newspaper/broadcast cross-ownership ban disserves the public interest by prohibiting combinations that would provide more varied and higher quality news and informational programming and can be expected to increase the amount of local news both at the station and market level. Morris described the exemplary news and informational programming provided by its co-owned radio and newspaper properties in Topeka, Kansas and Amarillo, Texas, which is largely attributable to the company's heritage and culture as a newspaper publisher.¹³ Other commenters similarly described the superior public service provided by their co-owned newspaper and broadcast properties.¹⁴

Free Press' arguments that newspaper/broadcast combinations do not necessarily yield a news increase at the station level and that long-term cross-ownership does not yield increased local news benefits are belied by the real-world evidence showing the public interest benefits of such combinations, particularly those provided by long-

¹³ See Morris Comments at 13-18.

¹⁴ See, e.g., A.H. Belo Comments at 8-10; Cedar Rapids Comments at 3-8; Cox Comments at 2-5; NAA Comments at 13-15; Tribune Comments at 12-17.

standing grandfathered combinations.¹⁵ As parties repeatedly have shown based on the real-world experiences of existing combinations, permitting newspapers and broadcasters to combine resources and take advantage of efficiencies tends to increase the quantity and enhance the quality of local news available to communities. The speculative contentions to the contrary, which suggest that consolidation drives media owners to cut news operations, do not refute the many specific examples of the benefits of common ownership in the record. Moreover, FCC-commissioned Media Ownership Study 4 provides empirical support for the proposition that cross-ownership of a daily newspaper and broadcast station in the same market results in an increase in local news and that these localism benefits are augmented over time.¹⁶

IV. THE FCC’S TENTATIVE CONCLUSION THAT RADIO STATIONS ARE NOT THE DOMINANT SOURCE OF LOCAL NEWS AND INFORMATION IS UNDISPUTED IN THE OPENING COMMENTS.

The Commission acknowledged that radio stations are not the dominant or most frequently cited sources for local news and information, and no party argued to the contrary in the opening round of comments. It should be noted, however, that an approach that attempts to “weigh” different media based on market share or other similar

¹⁵ See Free Press Comments at 30-33.

¹⁶ See Media Ownership Study 4, Jack Erb, *Local Information Programming and the Structure of Television Markets*, at 27-28 (May 20, 2011) (concluding that “newspaper-television cross-owned stations provide almost 50% more news than the average station (or 47 more minutes per day)”; see also *id.* at 40-41 (finding that “stations that were grandfathered or that received permanent waivers prior to 2007 air significantly and substantially more local news than non-cross-owned stations in the same market” and that grandfathered stations air “almost a full hour more local news than comparable stations in the same market”). Although Free Press cites Media Ownership Study 4 for its conclusion that television markets that contain cross-owned entities “perhaps” air less local news programming than comparable markets, the study notes that any difference in market-wide local news is “imprecisely measured” and “not statistically different from zero.” See *id.* at 23-24, 41; see also Media Ownership Study 4 Peer Review, at 1 (June 22, 2011) (observing that “at the market level the picture becomes cloudy. Cross-ownership with newspapers is negatively associated with local news minutes at the market level, but the association is not statistically significantly different from zero”).

criteria is arbitrarily limited and plainly inappropriate as a metric for the marketplace of information and ideas. Information is not static or finite, and it is the availability of a wide range of sources of news and information, and not the relative impact or popularity of any particular outlet, that ensures exposure to diverse ideas and viewpoints.

Regardless of comparative popularity, the key to diversity in the information marketplace is the basic availability of alternative media sources that inform and persuade the citizenry on important issues, serve as watchdogs, offer differing interpretations, and test the accuracy of what other outlets are saying. Although the Commission correctly concludes that radio stations are not the primary outlets that contribute to local viewpoint diversity, the agency also should recognize that viewpoint diversity is adequately protected by the sheer abundance of alternative media sources in the contemporary information marketplace.

In any event, it is clear that there is no persuasive justification under the Commission's public interest objectives for retaining any restrictions on newspaper/radio combinations.¹⁷ The Commission has never indicated that the rule is necessary to promote the public interest in competition or localism and, given the FCC's own conclusion that radio stations are not the primary outlets that contribute to local viewpoint diversity, the rule is not needed to serve the public interest in diversity.

¹⁷ See, e.g., Bonneville/Scranton Times Comments at 5-22; Cox Comments at 20-22; NAA Comments at 23-24.

V. **CONCLUSION**

It is time to bring an end to the many years of regulatory uncertainty for the broadcasting and newspaper industries. The Commission must finally move forward in this proceeding to provide more substantial regulatory relief to owners of newspaper and broadcast stations by eliminating, or relaxing far more substantially, the outdated newspaper/broadcast cross-ownership rule. At a minimum, the FCC should relax limitations on newspaper/radio cross-ownership, as there is no public interest justification that supports continued restrictions.

Respectfully submitted,

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