Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
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2014 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. 14-50
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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	)	MB Docket No. 09-182
	)	
Promoting Diversification of Ownership In the Broadcasting Services	)	MB Docket No. 07-294
	)	

Comments of
Thomas C Smith

Opening Statement

I wish to comment on the review of the broadcast ownership rules. First, it seems that once again the Commission is delaying any changes to the ownership rules to future Commissions instead of dealing with changes in the broadcast industry and the effects of changes from other media that can affect broadcasters. While I am concerned about concentration in the broadcast industry, I also realize that there has to be some changes particularly in television. Small markets need help and the current rules need to change to provide that help. While some long for the old days of the 7-7-7 rules, we have long passed that time and we need realistic rules concerning ownership limits. I start working in broadcasting forty five years ago and I have see the growth in other media competition. I have also see the growth in the number of broadcast outlets including both TV and radio. When I started, there was the local radio and TV stations, the local newspaper, billboards and the yellow pages as advertising outlets in a community. Most other advertising were things such as a sign at the local baseball diamond or in a program for event such as a local theater group which at that time was not a lot of money compared to broadcast or newspaper advertising . Now broadcasters most compete against the local cable station which can sell ads on numerous channels, websites for local retailers and services. They must also compete against the regional cable sports networks which both took sports programming and advertising with them and the loss of some national spot advertising which now goes to cable networks and the internet. And because of the growth of the big box stores and the resulting loss of smaller retailers there are now fewer potential advertisers. Because of this, it is harder for stations to compete and some consolidation was needed and some is still needed. There are some rules that I believe should remain as they are and some that should change.

Radio Rules

With the enactment of the Telecommunications Act of 1996 most of the change that could be made pertaining to the ownership of radio was made. Some have called for an increase one entity could own in one market, but how many stations can one own without being in competition with oneself in every type of programming format. The current rules, set what I would consider realistic limits on radio ownership and should remain as is for now.

TV Ownership

With the recent rulings the FCC has issued concerning Joint Sales Agreements, it is apparent that something must be done concerning the allowing of duopolies in all TV markets. With the major broadcast and cable programmers able to operate 10, 20 or more program channels on cable and satellite, the local cable companies able to sell advertising on a 100 channels, and TV stations now carrying more than one major network by using the multicasting ability of digital television it seems illogical to prevent the ownership of more than TV outlet in a market. It is time to allow TV duopolies in all TV markets. Smaller markets would require changes in the prohibition of combining stations carrying the four major networks. In smaller markets not all of the top four network stations are full service operations or major revenue generators. The Fox and CW stations do not normally have news operations as well as some ABC, CBS or NBC stations. Combined operations could place a news presence on more stations in smaller markets even if it is a newscast at a different time. If the rules would count Joint Sales Agreements against the multiple station ownership count like in the radio rules, that would be understandable. The main purpose is retaining outlets to provide choices in programming to viewers. The viewers don't care who owns the stations, only will they get a choice of programs when they turn the set on. The costs of operation makes it difficult to operate a number of stations in small markets because the revenue is not there. Combining them is the only way to control costs and retain choice to the viewer. Personally, I am more concerned about station groups amassing a large number of stations across the country and their increased influence on all of the broadcast business then if an owner has one or two TV stations in a market. We have already see that in radio with no national ownership limits. A handful of very large groups seems to control the trends in programming and advertising sales as well as how business operates in the radio industry. We have gotten less local programming and more automation and programming that is fed or copied to a large number of stations with no local identity.

Newspaper-Broadcast Cross-ownership

This is a subject the Commission has been avoiding since the current broadcast newspaper cross-ownership rules were first enacted and the call was made by the broadcasters and newspapers for changes shortly after the rules took effect. Newspaper-broadcast ownership are currently changing with a number of large newspaper-broadcast groups splitting the newspaper and broadcast operations into separate newspaper and broadcast corporations. The cross ownership rules have much to do with this trend as well as changes in the two industries. There are situations where there is common ownership of a number of newspapers under a single owner within a TV market which could be considered problematic by dominating a market, but those operations as well as any other newspaper-broadcast cross-ownership combinations should be subject to anti-trust rules and not a fixed set of numbers because regulations from the FCC. The newspaper-broadcast cross-ownership rules in my opinion have done much damage by breaking up many very dynamic media groups over the years. With many newspapers struggling to survive and some having gone out of business or reducing content or even the number of days of publication, the joining of both the struggling newspaper and TV news operation may be on way to save our print outlets. When newspaper-broadcast cross-ownership was grandfathered, I worked for two different newspaper combinations. One was a small group with an newspaper, AM and small independent UHF TV station. The newspaper and the stations did share resources and the TV station would not have existed if it did not have a connection with the paper. When the primary owner retired, the paper and the AM were sold and the TV station went dark because it was not able to support itself and thus was unsalable causing the loss of a another choice to the viewers. There was an FM station across town and a number of stations in nearby towns that were active in selling local advertising and providing program aimed for all of the area. The second group I worked for was a newspaper, network TV and a AM and FM station. The newspaper was on the other side of town and there was little interaction between them. They were the dominant stations in town, but there was another TV and several other radio stations. Both groups were in similar size communities. Both of these markets today are more competitive, but it is not because the newspapers are no longer combined with broadcast properties, but because the FCC allotted more stations to those markets and other business people took advantage of the new allocations and built more stations and increased the competition.

Closing Statement

The ownership rules should be based on overall possible market share of revenue and the number of viewers/listeners/readers that a group serves and not on hard counts of specific numbers of types of outlets. While the numbers do count in making the rules understandable, there should be some flexibility if ownership rules are changed to allow more TV duopolies and newspaper-broadcast cross-ownership. The differences in the mix of the number of stations owned by each ownership group may keep one market competitive and but may not keep another market competitive. It should also be noted that the newspaper broadcast cross-ownership rules were written when there were fewer radio and TV stations and newspapers had higher readership. Since the early 70's when the rules were written the number of FM outlet have increased with Docket 80-90 and there was a UHF TV building boom starting in the mid to late 70's into the 1980's and the create of low-power TV. The rules should be based on anti-trust rules which should be defined in such a way that parties making deals to sell and purchase properties know if the purchase would be in compliance or not. But the rules should allow for various combinations of properties that make since to those operating them.

As one who has followed the various trade papers over 45 years and has read many articles and books on the history of broadcasting, it seems the biggest hurdle in increasing competition among broadcasters was and may still be the allocations policies of the FCC particularly in the case of television which started with the early allocation of the original VHF channels in the late 30' to the 1948 TV freeze which lasted 4 years, to the fight over the UHF band and if it would be viable for TV during the 50's to the freezes of new TV allocations and stations in preparation for

DTV and now the incentive auction. Some of the allocation battles were drawn out because of fear of competition by existing broadcasters, but if the FCC truly wanted competition and diversity , they could have moved forward despite industry objections.

Finally, while I am concerned about consolidation in the broadcast industry and the media in general, most of it revolves around a few large companies and if the government was truly interested in enforcing anti-trust laws, these companies could be limited in how much consolidation between them is acceptable. Over the years I have seen the effect the debt these companies take on that affects both the programming they deliver and its effect on viewers and listeners and on their employees and suppliers. If these companies overestimate the amount of debt they can handle, there will be a point when they will have to downsize and some of the issues concerning consolidation and amount of ownership these companies have will take care of themselves. Until then we should not prevent some of the smaller newspapers, radio and TV stations and from combining if they need to in order to survive.

The Commission has done a number of inquiries over the years concerning the loss of diversity in programming and ownership and while consolidation may or may not help minority ownership, with the creation of new ethnic and minority networks, it may give these networks a chance to get carried and survive. Having worked in small TV and radio stations I know how hard it is to make a go of it. If combining with another station helps it survive, that is better than losing it, if it can make a go of it on its own great, but that is not always possible. The ownership rules should be flexible enough to give the public the most choices as possible. Any loss of a station or newspaper is a loss to the public and to the goals of the FCC.

I have filed comments in the past to the Commission concerning broadcast ownership. Over the years my opinions have changed about the ownership rules. At one time I was very concerned about increasing the amount of stations any one entity could own. I was more comfortable with the rules changes in the 1980's which set fixed limits on the number of stations one could own nationally and to a smaller number of station locally than now. After reading some of the history of ownership rules and FCC allocation policies, I have come to the opinion that many of the old policies were counter-productive and keep beyond their usefulness. While not agreeing with all of the ownership changes, we can no longer go back. Some of the issues with concentration may or may not work out on their own as debt and management issues may require downsizing of some of these large groups. I believe that the Commission must look at the overall percentage that each large group owns and issue rules that prevent those groups from amassing so many stations to dominant the industry. Because of the physics of spectrum use and FCC allocation policies, there is a limit on the number of stations that are possible. Because of this, there is not an open and free market were entry is easy, it is proper for the FCC to place limits on ownership to maintain a competitive market. The difficulty is maintaining a balance that maintains that competitiveness.

Respectfully submitted
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