



February 18, 2014

Marlene H. Dortch, Esq.
Secretary
Federal Communications Commission
445 12th Street SW
Washington DC 20554

Re: Notice of Ex Parte Communication, MB Docket No. 09-182

Dear Ms. Dortch:

On Wednesday, February 12, 2014, the undersigned of the National Association of Broadcasters (NAB) met with William Lake, Chief, Media Bureau, Federal Communications Commission (FCC).

The purpose of the meeting was to discuss the public interest harms that would result from attribution of television joint sales agreements (JSAs). I explained that changing this rule without consideration of the larger context of the local television ownership rules, which have not been adapted to current market conditions, is arbitrary and capricious. More specifically, I made the following points:

First, the record before the Commission is replete with real world examples of how JSAs and shared services agreements (SSAs) enable broadcasters to better serve their communities. I presented Mr. Lake with the attached illustrative chart of examples compiled from the record by NAB.

Second, broadcaster use of sharing arrangements is a necessary response to increased competition in the local advertising market. I noted that other media are substantially impacting broadcasters' revenues as advertisers allocate more of their budgets to locally targeted digital, mobile and social media advertisements. In its updated local media forecast, BIA/Kelsey projects that online/digital advertising revenues will increase at a 13.8 percent compound annual growth rate (CAGR) from 2013-2017, rising from \$26.5 billion to \$44.5 billion. In contrast, traditional advertising

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revenues are projected to grow only slightly over the same time period, with a CAGR of 0.1 percent from 2013-2017.¹

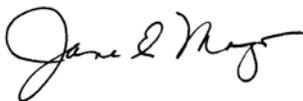
According to SNL Kagan's analysis of U.S. advertising revenue by sector, Internet and cable TV advertising grew at a CAGR of 18.7 percent and 7.9 percent, respectively, from 2003-2012. Broadcast TV station advertising revenue, by contrast, had a negative CAGR (0.2) over that same time period. From 2013-2022, SNL Kagan projects Internet, cable TV and mobile advertising revenue to grow at a CAGR of 4.0 percent, 7.7 percent and 18.6 percent, respectively, with broadcast TV station ad revenue growing at a CAGR of 2.4 percent.²

Third, substantial differences between local TV and radio make it irrational to assume that JSAs should be treated the same for both sectors. TV JSAs are a response to direct competition from other video services and it would be highly disruptive to attribute these arrangements without broader consideration of the entire ownership rule ecosystem.

Last, attributing JSAs at this time would increase the asymmetric regulatory burden on local television stations and harm their ability to compete and serve viewers.

On behalf of NAB, I offered to help the Commission compile the information needed to address any real problems that flow from joint arrangements, but noted that simply assuming harm is not sound public policy.

Respectfully submitted,



Jane Mago
Executive Vice President and General Counsel
Legal and Regulatory Affairs

cc: William Lake

enclosure

¹ *BIA/Kelsey Forecasts Overall U.S. Local Media Ad Revenues to Reach \$151.5B in 2017, Lifted by Faster Growth in Online/Digital*, Press Release, Nov. 19, 2013.

² SNL Kagan, *Ad market decelerates in 2013, projected to be up 1.4% to \$223B*, Dec. 17, 2013.

Record Examples of Public Interest Benefits from Joint Arrangements

Market	Stations	Example
Augusta, GA	WJBF WAGT	JSA/SSA between these two stations allowed an additional 10 hours of local news and four hours of locally originated non-news programming, including high school football and a cooking show. ⁱ
Springfield, MO	KSPR KYTV	A JSA/SSA enabled KSPR to upgrade its low power digital antenna to a state-of-the-art studio with maximized DTV transmission facilities. Prior to the sharing arrangement, most of the station's news programming received no measurable ratings. The arrangement enabled KSPR to produce unique local news programming in HD using its own separate news director and staff. ⁱⁱ
Burlington, VT/Plattsburgh, NY	WFFF WVNY	JSA/SSA resulted in WFFF-TV launching its first-ever news operation, and WVNY(TV) re-establishing a closed news operation. The launch of news on these stations created 28 new local jobs. ⁱⁱⁱ
Baton Rouge, LA	WGMB WVLA	JSA/SSA resulted in both stations airing news for the first time, as well as a new local high school sports show. ^{iv}
Providence, RI	WPRI WNAC	WPRI launched a daily local community affairs show – <i>Dan Yorke State of Mind</i> – due in part to a sharing arrangement between these stations. ^v
El Paso, TX	KTSM KDBC	JSA/SSA preserved KDBC-TV's local news operation and permitted the upgrade of its technical facilities, enabling it to offer news and other non-network content in HD. ^{vi}
Youngstown, OH	WYTV WKBN	WYTV was considering cancelling all local news or going dark. A JSA/SSA with WKBN enabled the station to remain on air, offering 3.5 hours of local news per weekday. WYTV also recently added live high school and Youngstown State University basketball games. ^{vii}
Dayton, OH	WBDT WDTN	Using monies saved through a JSA, LIN Television launched the very successful CW Star contest, providing local non-professionals with an opportunity to enter the television business and be WBDT's spokesperson for one year. The CW Star initiative includes substantial promotion, training, and production, and would not have been possible on WBDT without LIN's involvement. WBDT also added Bounce, the African-American oriented network, on a multicast channel. ^{viii}

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Market	Stations	Example
Eureka, CA	KBVU KRCR	Commission-approved JSA/SSA between Bonten Media Group, Inc. and Esteem Broadcasting has brought new local newscasts to both stations. Prior to the sharing arrangement, neither station could afford to provide news and only one other station in the entire market provided local news. The JSA/SSA also allowed the stations to upgrade their facilities and offer programming in HD for the first time. ^{ix}
Rochester, MN	KTTC KXLT	JSA/SSA allows KXLT-TV to air a late evening newscast six nights per week. Sometimes the local news stories air exclusively on only one station, sometimes on both stations. Without this arrangement, KXLT-TV could not afford to provide local news. ^x
West Palm Beach, FL	WPTV WFLX	WFLX, which did not have a local news operation or air any local news, now airs 3.5 hours of local news per day, all in time periods when no other station in the market provides local news, due to an SSA with WPTV. These newscasts are “not replays” of newscasts on the other station, but include unique content geared towards that station’s audience. ^{xi}
Wichita, KS	KDCU KWCH	A JSA/SSA between stations owned by Schurz Communications, Inc. and Entravision Holdings, LLC resulted in the launch of Spanish-language news on a station in Derby, KS, making it the first and only Spanish-language local television news operation in the state. ^{xii}
Montgomery-Selma, AL	WAKA WNCF	Bahakel Communications, licensee of WAKA(TV), entered into a JSA with the licensee of WNCF, an ABC affiliate, in 2011. Bahakel invested \$6 million to upgrade WNCF’s facilities, which were in serious disrepair. The upgrades significantly improved WNCF’s over-the-air reach, providing many more residents of the Montgomery-Selma market, where over-the-air TV reliance exceeds the national average, with ABC programming. In 2013, WNCF began offering 17 hours of local news per week. ^{xiii}
Joplin, MO/ Pittsburg, KS	KSNF KODE	This JSA enabled KSNF to add a 4:00 p.m. news and lifestyle show, an hour long 6:00 p.m. weekday newscast, and a 6:00 p.m. newscast on Saturdays. The JSA also enabled renovation of the stations’ studios to initiate HD newscasts and to upgrade their Doppler radar system, which helped save lives during the May 2011 tornado in Joplin. ^{xiv}
Sioux City, IA	KPTH KMEG	SSA has allowed these stations to “streamline sales, engineering, promotions, master control, and other back-office functions.” As a result, KPTH is able to deliver the market’s only 9:00 PM newscast, and KMEG is able to broadcast three local news programs. Such programming would “not be economically feasible for either KPTH or KMEG” absent their sharing arrangements. ^{xv}

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Market	Stations	Example
Fort Wayne, IN	WISE WPTA	JSA/SSA involving WISE-TV and WPTA(TV) has enabled these stations to “invest in bringing new programming to local residents that previously was only available to certain cable and satellite subscribers,” including the CW network and MyNetwork programming. The stations also aired more hours of local news per week than before entering into their sharing agreements. ^{xvi}
Peoria, IL	WEEK WHOI	Prior to entering an SSA/JSA with WEEK-TV, the licensee of WHOI-TV projected that the station would continue operating at a loss and was considering major cutbacks in staffing and news. Instead, the station expanded its news staff and both stations were able to “cover more stories and provide more in depth coverage of local political races than ever before.” ^{xvii}

ⁱ Letter to Marlene H. Dortch, FCC Secretary, from M. Anne Swanson of Dow Lohnes in MB Docket No. 09-182 (Jan. 8, 2013) at 2-3.

ⁱⁱ Letter to Marlene H. Dortch, FCC Secretary, from Jack N. Goodman of the Law Offices of Jack N. Goodman, Counsel to Schurz Communications, Inc. in MB Docket No. 09-182 (Dec. 19, 2012) at 2.

ⁱⁱⁱ See Reply Comments of the Coalition to Preserve Local TV Broadcasting to *Notice of Inquiry* in MB Docket No. 09-182 (filed Jul. 26, 2010) at 12-13.

^{iv} *Id.* at 13.

^v Letter to Marlene H. Dortch, FCC Secretary, from Joshua N. Pila of LIN in MB Docket No. 09-182 (Jan. 15, 2014).

^{vi} See Reply Comments of the Coalition to Preserve Local TV Broadcasting to *Notice of Inquiry* in MB Docket No. 09-182 (filed Jul. 26, 2010) at 14.

^{vii} *Id.* at 14-15; see also Letter to Marlene H. Dortch, FCC Secretary, from Joshua N. Pila of LIN in MB Docket No. 09-182 (Jan. 15, 2014).

^{viii} Ex Parte of LIN Media in MB Docket No. 09-182 (Jan. 16, 2013) at 1-2.

^{ix} Ex Parte of Bonten Media Group, Inc., in MB Docket Nos. 09-182 and 07-294 (Jan. 22, 2013).

^x Letter to Marlene H. Dortch, FCC Secretary, from Jennifer A. Johnson of Covington & Burling LLP in MB Docket No. 09-182 (Jan. 28, 2013) at 3 and Attachment.

^{xi} Letter to Marlene H. Dortch, FCC Secretary, from Jennifer Johnson of Covington & Burling LLP in MB Docket No. 09-182 (Jan. 28, 2013) at 3-4.

^{xii} Entravision Holdings, LLC Comments in MB Docket No. 09-182 (filed Mar. 5, 2012) at 13.

^{xiii} Ex Parte of Bahakel Communications Ltd. in MB Docket Nos. 09-182 and 06-121 (Jan. 16, 2013) at 1-3.

^{xiv} Letter to Marlene H. Dortch, FCC Secretary, from Eve Reed of Wiley Rein LLP (Jan. 16, 2013) Attachment at 3. See also *id.* at 4-5 (describing similar benefits from JSAs in other markets, including Monroe, LA).

^{xv} Letter to Marlene H. Dortch, FCC Secretary, from David Pulido of TTBG, LLC, licensee of Station KPTH in MB Docket No. 09-182 (Jan. 4, 2013).

^{xvi} See Reply Comments of the Coalition to Preserve Local TV Broadcasting to *Notice of Inquiry* in MB Docket No. 09-182 (filed Jul. 26, 2010) at 15.

^{xvii} *Id.* at 16.