

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

In the Matter of	)	
	)	
Streamlined Reauthorization Procedures for Assigned or Transferred Television Satellite Stations	)	MB Docket No. 18-63
	)	
Modernization of Media Regulation Initiative	)	MB Docket No. 17-105

**COMMENTS OF THE  
NATIONAL ASSOCIATION OF BROADCASTERS**

**I. INTRODUCTION**

The National Association of Broadcasters (NAB)<sup>1</sup> hereby files these comments supporting the Commission’s proposal to streamline the reauthorization process for television satellite stations when they are assigned or transferred to new owners.<sup>2</sup> Simplifying this process will significantly reduce the time and costs associated with assignments and transfers of satellite stations, which serve viewers in predominantly rural, underserved and/or economically struggling areas. For this reason, NAB supports the Commission’s proposal and its efforts to modernize regulations that impede competition and innovation in the media marketplace.

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<sup>1</sup> NAB is a nonprofit trade association that advocates on behalf of free local radio and television stations and broadcast networks before Congress, the Federal Communications Commission and other federal agencies, and the courts.

<sup>2</sup> *Streamlined Reauthorization Procedures for Assigned or Transferred Television Satellite Stations*, Notice of Proposed Rulemaking, MB Docket Nos. 18-63, 17-105, FCC 18-34 (March 23, 2018) (Notice).

## II. STREAMLINING REAUTHORIZATION REQUIREMENTS FOR THE TRANSFER OR ASSIGNMENT OF TV SATELLITE STATIONS WILL REMOVE UNNECESSARY BURDENS AND PROMOTE INVESTMENT IN STATIONS LOCATED IN UNDERSERVED AND ECONOMICALLY DEPRESSED AREAS

Current television ownership rules limit the number of full-power television stations a broadcaster may own in a single market and nationally.<sup>3</sup> For various reasons, TV satellite stations are exempt from the ownership rules. Among the reasons for this exemption is the fact that TV satellite stations – which must comply with certain guidelines to maintain their status<sup>4</sup> – are unable to operate independently due to market conditions that make it economically infeasible to function as a full-service station.<sup>5</sup> They also generally retransmit some or all of the programming of a commonly owned “parent” station. The FCC currently requires subsequent buyers of authorized satellite stations to make the same showings again to maintain satellite status, even if market conditions have not changed since the previous assessment.<sup>6</sup>

The Commission’s proposal would significantly reduce the time and transaction costs associated with assigning and transferring TV satellite stations by allowing the parties to a transaction to certify that the underlying circumstances warranting the satellite designation

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<sup>3</sup> 47 C.F.R. 73.3555 (b) & (e).

<sup>4</sup> Under the FCC’s current approach, a station generally qualifies for satellite status if the proposed satellite would provide service to an underserved area and no alternative operator is ready and able to construct or to purchase and operate the satellite as a full-service station. Report and Order, 6 FCC Rcd 4212, 4213-14 (1991) (1991 Order); Notice at ¶¶ 3 & 5.

<sup>5</sup> 47 C.F.R 73.3555 Note 5.

<sup>6</sup> Notice at ¶¶ 1 & 4.

have not materially changed since the most recent authorization.<sup>7</sup> For the reasons stated below, NAB supports this proposal and urges the FCC to apply it broadly.

**A. The Proposal Will Have a Positive Impact on Small Broadcasters and Those Serving Rural and Economically Disadvantaged Areas**

NAB firmly believes that streamlining the TV satellite assignment and transfer process will have a positive impact on small broadcasters and those in underserved areas. As a general matter, and as NAB has long argued, the FCC should look to reform its rules burdening smaller TV broadcasters and stations serving rural areas, where broadcasters often struggle economically due to a limited advertising base.<sup>8</sup> Streamlining the satellite reauthorization process in particular “is the very type of logical reform” that the Commission should undertake in its media modernization proceeding to reduce regulatory burdens on those stations least able to bear them.<sup>9</sup>

First, the showings required to demonstrate the need for satellite designations are costly and time-consuming. To complete the economic and demographic assessments required under the rule, broadcasters typically hire lawyers, engineers, economists and/or brokers.<sup>10</sup> In addition to the fees associated with hiring professionals, the reauthorization

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<sup>7</sup> *Id.* at ¶ 8.

<sup>8</sup> See, e.g., Comments of National Association of Broadcasters, MB Docket Nos. 14-50, *et al.*, at 56-58 & Attachment D (Aug. 6, 2014); *Ex Parte* Submission of National Association of Broadcasters, MB Docket Nos. 09-182, *et al.*, at 8-10 & Attachment B (Mar. 21, 2014).

<sup>9</sup> Comments of Nexstar Broadcasting, Inc., MB Docket No. 17-105, at 19 (July 5, 2017) (Nexstar Comments).

<sup>10</sup> Letter from Kevin P. Latek, Gray Television, Inc. (Gray), to Marlene H. Dortch, Esq., MB Docket No. 17-105, at 2 (June 26, 2017) (Gray Letter). For example, applicants routinely hire brokers to provide reports attesting that no alternative operator is ready and able to purchase and operate the satellite as a full-service station, even when the station in question has been a satellite for decades. See, e.g., *Application for Consent to Assignment of Licenses and Request for Continued Satellite Authority*, DA 16-352, Letter from Barbara

process itself causes delay in completing the transaction, thereby increasing costs for both parties.<sup>11</sup> The FCC should minimize the delays applicants experience when satellite stations must be re-approved, which will ultimately reduce the total costs associated with transfer or assignments of satellite stations.

Second, repeated showings by subsequent purchasers of satellite stations have proven to be unnecessary, as the FCC apparently has never refused a request to continue satellite status due to changed circumstances.<sup>12</sup> Economic conditions and the available advertising base in markets where many satellite stations are located are also unlikely to improve, as much of rural America continues to lose population.<sup>13</sup>

Finally, broadcasters could use the resources they currently use to make these unnecessary satellite showings to invest in their stations.<sup>14</sup> In addition, a streamlined, common-sense process may incentivize prospective buyers to purchase and invest in important satellite TV stations. NAB accordingly agrees with Commissioner Clyburn that the proposal here fits squarely within the FCC's goal of increasing the viability and standing of our nation's smallest broadcasters.<sup>15</sup>

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A. Kreisman Chief, Video Division, Media Bureau (rel. April 4, 2016) (reauthorizing the satellite status of a station that had operated as a satellite for "at least" 60 years).

<sup>11</sup> Gray Letter at 3.

<sup>12</sup> Notice, Statement of Commissioner Michael O'Rielly and Statement of Commissioner Brendan Carr.

<sup>13</sup> See, e.g., Dipak Kumar, *Rural America is Losing Young People – Consequences and Solutions*, Penn Wharton, University of Pennsylvania (March 23, 2018), <https://publicpolicy.wharton.upenn.edu/live/news/2393-rural-america-is-losing-young-people->; Gray Letter at 2.

<sup>14</sup> See Gray Letter at 2; Nexstar Comments at 18-19.

<sup>15</sup> Notice, Statement of Commissioner Mignon L. Clyburn.

## B. Certification Should be Simple and Not Impose Additional Burdens

The Commission also seeks comment on how it should memorialize its approval of assignment or transfer applications involving a satellite station under a modified rule. In particular, the Notice asks whether it is sufficient for applicants to generally certify that there has been no material change in the circumstances warranting the station's most recent satellite designation.<sup>16</sup>

NAB believes that transferring or assigning a TV satellite station should not be more complicated than transferring or assigning any other full-power station. Therefore, the certification process should be straightforward and not impose additional burdens on either party. We believe that it is sufficient for both parties to certify to the two primary guidelines the Commission currently uses in making satellite designations. This certification should include: (1) that "the satellite station served an underserved area"; and (2) that "no alternative operator was ready and able to construct or to purchase and operate the satellite station as a full-service station."<sup>17</sup> Because the Commission has long used these standards, there should be little, if any, confusion on how the standards would be applied.<sup>18</sup>

NAB agrees with the Commission's tentative conclusion that adopting these changes will not have a negative impact on the Commission's or interested parties' ability to meaningfully review such transactions.<sup>19</sup> Interested parties will still have an opportunity to participate in the licensing proceeding through the existing petition to deny or informal

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<sup>16</sup> *Id.* at ¶ 9.

<sup>17</sup> *Id.* at ¶ 3; see also *id.* at ¶ 5.

<sup>18</sup> The Commission could memorialize its approval of the transaction by language in FCC Form 732 stating that it based its approval on both parties' certification.

<sup>19</sup> Notice at ¶ 11.

objection process.<sup>20</sup> The proposal, therefore, will save the Commission and parties to transactions significant time and resources without jeopardizing the public's ability to participate in the licensing process.

### **C. Streamlining Should Not be Limited to Only Existing Parent-Satellite Combinations**

Finally, the Commission should not limit the proposed streamlined reauthorization process to only those assignments and transfers of a satellite station in combination with its existing parent station. NAB agrees with Gray that licensees should have the flexibility, as part of an assignment or transfer, to change a satellite station's parent without repeating the evidentiary showings previously made to establish satellite status.<sup>21</sup> Satellite designations are not dependent on the conditions or characteristics of the parent station. Thus, whether a particular parent station is a part of a transfer/assignment, or not, should have no bearing on whether the satellite designation remains warranted for the satellite station being transferred or assigned to a new owner. As Commissioner O'Rielly explained, "if the original intent of this waiver was to help struggling stations, the condition of the satellite station, not the parent station, should be our primary focus."<sup>22</sup> NAB agrees wholeheartedly.

### **III. CONCLUSION**

NAB supports the Commission's proposal to streamline its satellite status reauthorization requirements when assigning and transferring satellite TV stations. The current process is costly and time-consuming and unduly burdens stations serving rural,

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<sup>20</sup> 47 C.F.R. §§ 73.3584 & 73.3587.

<sup>21</sup> Gray Letter at 4; Notice at ¶ 10.

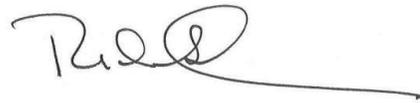
<sup>22</sup> Notice, Statement of Commissioner Michael O'Rielly.

underserved and economically struggling areas. We urge the Commission to support rural and smaller broadcasters by expeditiously removing these unnecessary obligations.

Respectfully submitted,

**NATIONAL ASSOCIATION OF  
BROADCASTERS**

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A handwritten signature in black ink, appearing to read "Rick Kaplan", with a long horizontal line extending to the right.

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Rick Kaplan  
Jerianne Timmerman

May 11, 2018