Federal Communications Commission
Washington, D.C. 20554

October 2, 2012

**DA 12-1576**
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LIN License Company, LLC
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875 15th Street, NW
Washington, DC 20005

Re: Applications for Assignment of License

KHON-TV, Honolulu, HI, ID No. 4144
KAII-TV, Wailuku, HI, ID No. 4145
KHAW-TV, Hilo, HI, ID No. 4146
File Nos. BALCDT-20120511ACJ-ACL

KSNW(TV), Wichita, KS, ID No. 72358
KSNC(TV), Great Bend, KS, ID No. 72359
File Nos. BALCDT-20120511ADH-ADI

Dear Counsel:

This letter is in reference to the unopposed, above-captioned applications for assignment of the licenses of (1) KHON-TV, Honolulu, Hawaii; KAII-TV, Wailuku, Hawaii; and KHAW-TV, Hilo, Hawaii, from NVT Hawaii Licensee, LLC, to LIN License Company, LLC (LIN); and (2) KSNW(TV), Wichita, Kansas, and KSNC(TV), Great Bend, Kansas, from NVT Wichita Licensee, LLC, to LIN. Although the assignments do not create any new ownership combinations, LIN has requested authority to continue operating KAII-TV, KHAW-TV, and KSNC as satellite stations, pursuant to Note 5 of Section 73.3555 of the Commission's rules.[1] For the reasons set forth below, we grant the request for continuing satellite authority and the applications.

In *Television Satellite Stations*,[2] the Commission established the requirement that all applicants seeking to transfer or assign satellite stations justify continued satellite status by demonstrating compliance with a three-part "presumptive" satellite exemption standard applicable to new satellite stations. The presumptive satellite exemption is met if the following three public interest criteria are satisfied: (1) there is no City Grade overlap between the parent and the satellite; (2) the proposed satellite

[1] 47 C.F.R. § 73.3555, Note 5.

[2] *Television Satellite Stations Review of Policies and Rules*, Report and Order, 6 FCC Rcd 4212, 4215 (1991)(subsequent history omitted)(*Television Satellite Stations*).

would provide service to an underserved area; and (3) no alternative operator is ready and able to construct or to purchase and operate the satellite as a full-service station.[3] If an applicant does not qualify for the presumption, the Commission will evaluate the proposal on an *ad hoc* basis and grant the application if there are compelling circumstances that warrant approval.[4]

*Honolulu Market.* With respect to the first criterion, we note that, following the digital transition, full-power television stations have a digital Principal Community contour that serves a much larger area than their former analog City Grade contour. Prior to the digital transition, neither satellite station's City Grade contour overlapped that of its parent, KHON-TV.

Regarding the second criterion, LIN relies on the Commission's "reception" test to demonstrate that KHAW-TV provides service to an underserved area. That test deems an area underserved if at least 25% of the area within the satellite station's Grade B analog contour, but outside the parent station's Grade B analog contour (Difference Area), receives service from four or fewer television stations, not counting the satellite.[5] LIN submits a Technical Statement demonstrating that, using digital noise-limited contours, 100% of the KHAW-TV Difference Area is served by four or fewer television stations. It concedes that the KAII-TV Difference Area does not meet the reception test's threshold (only 8.1% of the Difference Area is served by four or fewer television stations) but submits that these results are skewed by the collocation of multiple stations at the Ulupalakua Ranch site on Maui, including satellite stations for each of the ABC, NBC, and CBS affilitates licensed to Honolulu.

As for the third criterion, LIN cites previous Commission decisions authorizing KAII-TV and KHAW-TV to operate as satellites of KHON-TV, including renewals of such status in 2005, 2007, and 2010, which determined that the geographically challenging market and the stations' limited coverage areas could not support a viable, stand-alone operation. It contends that core circumstances underlying the previous authorizations of satellite status have not changed and submits a statement from W. Lawrence Patrick, Managing Partner of the media brokerage firm Patrick Communications, to that effect.

Patrick notes that the size of the Honolulu Designated Market Area (DMA), which includes all of the Hawaiian Islands, essentially "mandates the use of multiple satellites to properly serve the viewing public." He further states that total television advertising dollars decreased by 5.5% from 2006 to 2011 and that BIA Kelsey projects growth of only 2.8% over the next five years. As a result, the marketing of KAII-TV and KHAW-TV as standalone stations "would be unsuccessful given the marginalized nature of the operations" and the lack of otherwise "compelling" programming "sufficient to survive" in the competitive market.

*Wichita-Hutchinson Market.* As noted above, the first criterion of the presumptive standard is no longer relevant in the digital environment. However, prior to the digital transition, there was no City Grade contour overlap between KSNW and KSNC.

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[3] *Id.* at 4213-14.

[4] *Id.* at 4212.

[5] *Id.* at 4215. We recognize that the Commission has developed the digital noise-limited contour to approximate the same probability of service as the analog Grade B contour and that it has stated that the two are roughly equivalent. See 47 C.F.R. § 73.622(e); *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*, Notice of Inquiry, 25 FCC Rcd 6086, 6117 (2010).

LIN relies on the Commission's "transmission" test to demonstrate that KSNC provides service to an underserved area. That test deems an area underserved if there are two or fewer full-power television stations (including commercial, noncommercial, and satellite stations) licensed to the proposed satellite's community of license. Here, KSNC remains the only full-power television station licensed to Great Bend, Kansas.

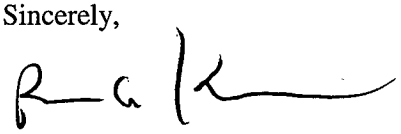
Concerning the third criterion, LIN submits a statement from Mr. Patrick, who observes that each of the stations in the market affiliated with a "Big Four" network has at least two full-power satellites to cover the DMA. He states that the Wichita-Hutchinson DMA covers nearly two-thirds of the state and that, while it is the 67th largest DMA in terms of population, it is ranked only 76th in terms of television advertising revenue, indicating weakness compared to most markets of comparable population. Furthermore, absent satellite status, KSNC would not have access to network programming, and viewers in its coverage area would be denied NBC programming via over-the-air service. He concludes that it is "highly unlikely that a knowledgeable and experienced television operator could be found that could provide a viable full service operation to outlying communities" with KSNC as a standalone station.

While the instant requests do not satisfy the Commission's presumptive satellite exemption standard, LIN has provided information sufficient to warrant continued satellite operation for KAII-TV, KHAW-TV, and KSNC under our *ad hoc* analysis. Given the stations' long history as satellites, the geographically challenging nature of their coverage areas, and the declining position of the Honolulu and Wichita-Hutchinson DMAs, it is unlikely that an alternative operator would be willing and able to operate the stations as stand-alone facilities. Accordingly, we find that the continued operation of KAII-TV and KHAW-TV as satellites of KHON-TV, and KSNC as a satellite of KSNW would serve the public interest.

Furthermore, having carefully reviewed the applications, we find that the applicants are fully qualified and conclude that the grant of the applications would serve the public interest.

ACCORDINGLY, IT IS ORDERED That the application for assignment of the licenses of KHON-TV, Honolulu, Hawaii; KAII-TV, Wailuku, Hawaii; and KHAW-TV, Hilo, Hawaii, from NVT Hawaii Licensee, LLC, to LIN License Company, LLC (File Nos. BALCDT-20110511ACJ-ACL), IS GRANTED. IT IS FURTHER ORDERED That the application for assignment of the licenses of KSNW(TV), Wichita, Kansas, and KSNC(TV), Great Bend, Kansas, from NVT Wichita Licensee, LLC, to LIN License Company, LLC (File Nos. BALCDT-20110511ADH-ADI), IS GRANTED.

Sincerely,



Barbara A. Kreisman
Chief, Video Division
Media Bureau