

Satellite Waiver Continuation Request

Television station KWNB-TV, Hayes Center, Nebraska (FCC Facility ID No. 21162) has operated as a satellite of KHGI-TV, Kearney, Nebraska (FCC Facility ID No. 21160) since at least 1956. Both stations are located in the western portion of the Lincoln-Hastings-Kearney, NE DMA. The Lincoln-Hastings-Kearney DMA is quite large in area, and the western portion is sparsely populated. Indeed, according to the U.S. Census, KWNB-TV's community of license, Hayes Center, had a population of 214 in 2010.

In *Television Satellite Stations*, 6 FCC Rcd. 4212 (1991), the Commission adopted "a presumption that TV satellite operations are in the public interest if individual applicants can satisfy certain public interest criteria." The presumptive satellite exemption to the duopoly rule is therefore 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 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. 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.

With regard to the first criterion, the Commission has recognized that, "following the digital transition, full-power television stations have a digital Principal Community contour¹ that serves a much larger area than their former analog City Grade contour, and that therefore the Principal Community contour is not an equivalent standard to use in determining whether a proposed satellite qualifies for the presumptive exemption to the duopoly rule, and has thus approved satellite waivers where historically before the digital transition there was no contour overlap.² Prior to the digital transition, the analog City Grade contours of KWNB-TV and KHGI-TV did not overlap. Nor do the digital Principal Community contours overlap today. Moreover, while there is a small degree of overlap between the noise limited service contours of KWNB-TV and KHGI-TV, that overlap encompasses only four percent (4%) of the combined noise limited service contours of the two stations, encompasses only 8,799 persons, and no significant communities.³

Regarding the second criterion, KWNB-TV is located in an underserved area. The "transmission" test deems an area underserved where there are two or fewer full-service television stations licensed to a proposed satellite's community of license.

¹ Pursuant to 47 C.F.R. 73.625, a DTV station on channel 6 must maintain a minimum F(50/90) field strength of 35 dBu above one uV/m over its entire principal community to be served. Pursuant to that same rule, a DTV station on channel 13 must maintain a minimum field strength of 43 dBu over its community to be served. See map, prepared by John E. Hidle, P.E., consulting engineer with Carl T. Jones Corporation, attached as Exhibit A.

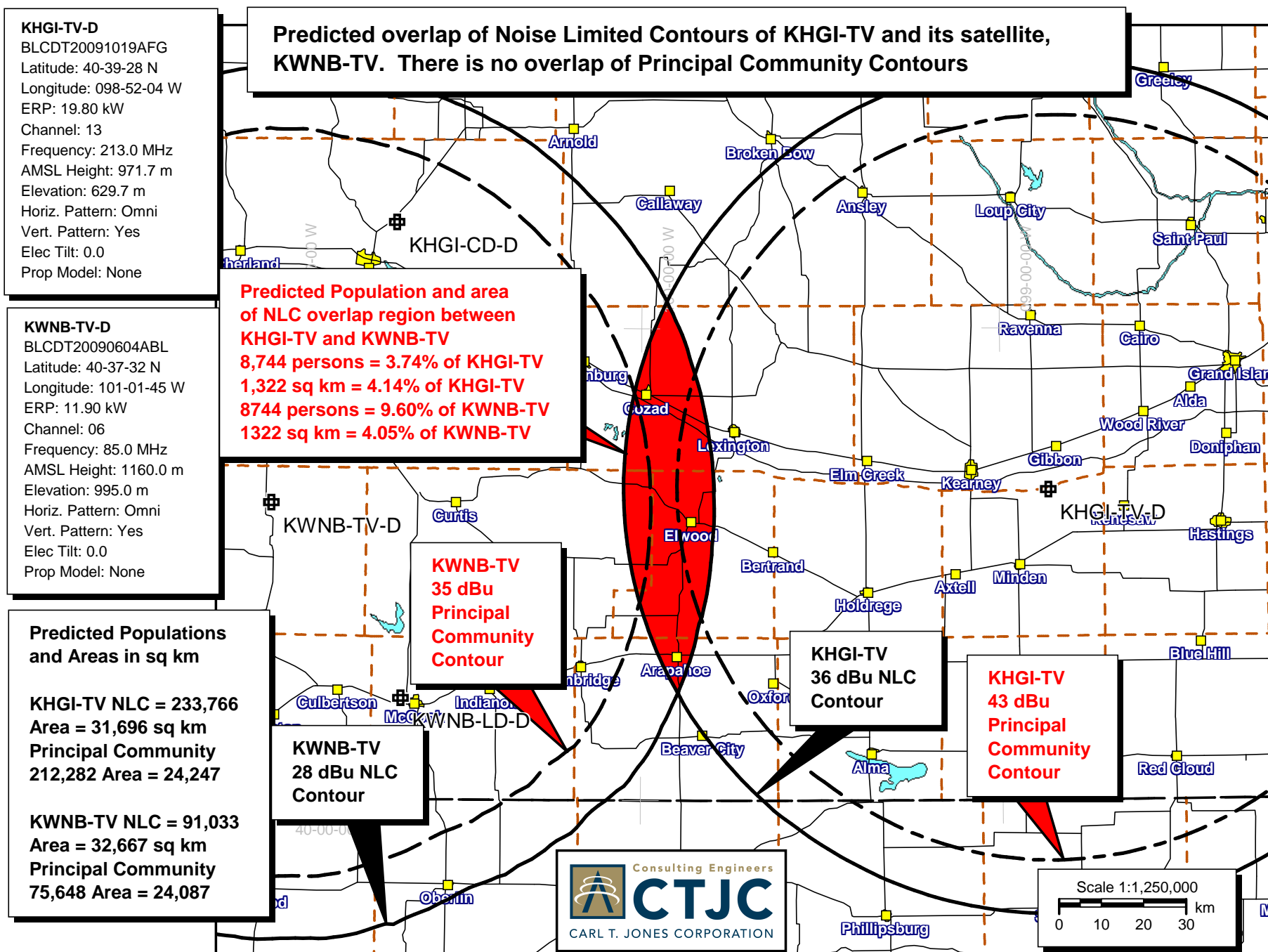
² See, e.g., KITV, Inc., Letter, 30 FCC Rcd 7300, 7301 (MB Vid. Div. 2015).

³ See Exhibit A.

KWNB-TV is the only full service broadcast station of any kind licensed to the community of Hayes Center, Nebraska.

With regard to the third criterion, attached, as Exhibit B, is the declaration from Frank Higney, an experienced media broker well known to the Commission, in which he concludes that it is his opinion that operation of KWNB-TV as a stand-alone full-service station is impracticable and that there is no potential buyer of the station as a stand-alone facility.

Even should the Commission conclude that this waiver request does not fully meet the Commission's presumptive satellite standard, it is clear that sufficient information has been provided to warrant continued satellite status for KWNB-TV pursuant to the Commission's *ad hoc* analysis. Given KWNB-TV's long history as a satellite of KHGI-TV, the extremely small size of the community of license, the sparse population of the station's service area and resulting limited advertising revenue opportunities, and the fact that all of the major networks are broadcast in the DMA at issue, it is unlikely that an alternative operator would be willing and able to operate KWNB-TV as a stand-alone facility. The satellite exemption would harm competition in the market. Indeed, granting a waiver here will benefit the public interest by promoting access to broadcast services which may otherwise not be feasible. For the reasons discussed above, the Commission should authorize the continued operation of KWNB-TV as a satellite of KHGI-TV in the public interest.





Kalil & Co., Inc.

2960 North Swan Road • Suite 134 • Tucson, Arizona 85712 • (520) 795-1050 • FAX (520) 322-0584

November 2, 2015

Mr. David Amy
Executive Vice President and
Chief Operating Officer
Sinclair Broadcast Group, Inc.
10706 Beaver Dam Road
Hunt Valley, MD 21030

Re: KWNB-TV, Hayes Center, Nebraska

Dear Mr. Amy:

Sinclair Broadcast Group, Inc. ("Sinclair") has engaged Kalil & Co., Inc. ("Kalil") to evaluate the prospects for a sale of television broadcast station KWNB-TV, Hayes Center, Nebraska ("KWNB-TV") to an out-of-market buyer.

This analysis considers the feasibility of operating KWNB-TV as a full service, standalone television operation with no technical, sales or programming support from a parent station. Currently, KWNB-TV broadcasts as a satellite of KHGI-TV, Kearney, Nebraska, an ABC network affiliate serving the Lincoln-Hastings-Kearney DMA. We will provide an opinion whether it is likely or unlikely that the current licensee of the station would be able to find an alternative operator willing and able to operate the satellite station as a financially viable, full-service, standalone facility.

Qualifications of Kalil: Kalil & Co., Inc. has been in the media brokerage business for over forty-five years. Located in Tucson, Arizona, Kalil is comprised of nine brokers whose combined experience totals well over 100 years. Kalil conducts business throughout the United States and is widely recognized as one of the top brokerage organizations in the country. Over the last 10 years, Kalil has brokered well over \$2.5 billion worth of transactions.

As a Vice President at Kalil, I have extensive knowledge of the television industry in general, having worked as a media broker for the past 23 years. I have been engaged by the owners of television stations for both acquisitions and divestitures. I have been involved personally in the acquisition or sale of hundreds of broadcast properties, including stations in small, medium, and large markets.

Mr. David Amy
Sinclair Broadcast Group, Inc.
Page 2

Analysis: KWNB-TV currently serves Hayes Center as an ABC satellite affiliate of KHGI-TV, Kearney, over 100 miles to the east.

Hayes Center is part of the Lincoln-Hastings-Kearney DMA, a large television market in terms of geography, stretching over 225 miles east to west in Central Nebraska. The breadth of the market is such that these are two defined metros in the DMA, Lincoln and Hastings-Kearney-Grand Island. Hayes Center has a population of 214 and Hayes County 976, according to the 2010 census.

KWNB-TV reaches neither of the financial, retail, and population centers of any of the two defined metro areas in the DMA, with an over-the-air signal. Consequently, KWNB with its limited coverage and economics would have absolutely no chance to get a major network affiliation other than as a satellite of a parent station.

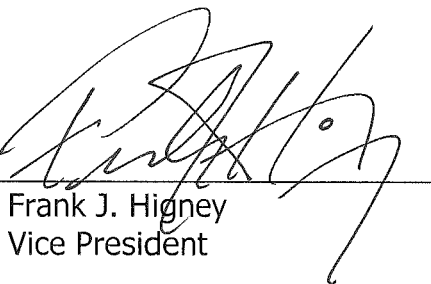
If KWNB-TV were to be converted to a full power standalone television station, in our opinion, it would not and could not be financially viable. The cost of outfitting, staffing, and programming KWNB-TV would not be covered by the advertising revenues to be generated in the Hayes Center region. We are aware of no instance in which a satellite station serving such a small outlying community has been converted to a viable standalone station.

It should also be noted that in Kalil's extensive marketing of the Pappas Nebraska Television stations, none of the prospective buyers indicated any desire to acquire KWNB-TV on a standalone basis.

Therefore, we attribute little value to KWNB-TV except as a satellite to a station serving the defined metros serving the DMA and are of the opinion that KWNB-TV could be sold only as such and not on a standalone basis.

Sincerely,

Kalil & Co., Inc.

By: 
Frank J. Higney
Vice President