

**REQUEST FOR CONTINUATION OF SATELLITE STATUS**

This exhibit is being filed in connection with application for assignment of the licenses of KXMC-TV, Minot, KXMA-TV, Dickenson, KXMB-TV, Bismarck, and KXMD-TV, Williston, all North Dakota from Reiten Television, Inc. (“Reiten”) to Nexstar Broadcasting, Inc. (“Nexstar”). Nexstar requests that the Commission allow KXMB-TV and KXMD-TV to continue to operate as a “satellite” of KXMC-TV, as they have been authorized to do since each station’s inception in 1955 and 1969, respectively; and KXMA-TV to continue to operate as a “satellite” of KXMC-TV, as it has been authorized to do since Reiten’s acquisition of the station in 1984.<sup>1</sup>

**A. Commission’s Satellite Policy**

Television satellite stations are generally exempt from the restrictions of the Commission’s ownership rules.<sup>2</sup> Under a policy that dates from 1991, operation as a satellite is presumed to be in the public interest if (i) there is no city-grade contour overlap between the parent and the satellite, (ii) the proposed satellite would provide service to an underserved area, and (iii) no alternative operator is ready and able to purchase and operate the satellite as a full-service station. If the proposed satellite operation does not meet all three factors, the Commission will evaluate the proposal on an *ad hoc* basis and authorize satellite status if there are other public interest benefits or compelling circumstances that warrant approval.<sup>3</sup>

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<sup>1</sup> Reiten acquired control of KXMA-TV pursuant to a transfer of control granted by the Commission on December 4, 1984, File No. BTCCT- 19840817KG.

<sup>2</sup> 47 C.F.R. § 73.3555, Note 5.

<sup>3</sup> *Television Satellite Stations Review of Policy and Rules*, Report and Order, 6 FCC Rcd 4212 (1991) (“Satellite Policy”).

**B. KXMA-TV, KXMB-TV and KXMD-TV Have Operated As Satellites of KXMC-TV Since 1984, 1955 and 1969 Respectively**

KXMB-TV and KXMD-TV have operated as satellite stations since their inception in 1955 and 1969 respectively; and KXMA-TV has operated as a satellite since its acquisition by Reiten in 1984. Because of the vastness of the Minot-Bismarck-Dickinson (Williston) Designated Market Area each station primarily serves one portion of the DMA. At the time Reiten purchased KXMA-TV from Northern Prairies Broadcasting Company the station was on the verge of shutting down. The stations have been continuously owned as satellite stations by Reiten pursuant to Commission authorization since those dates.

**C. Continued Satellite Operation Is Warranted**

*Contour Overlap:* The first criterion of the presumptive waiver standard is no longer relevant in the digital environment.<sup>4</sup> As the Commission has previously recognized, “[f]ollowing 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.”<sup>5</sup> All four stations have completed the transition to DTV and are broadcasting solely in digital mode. There is no contour overlap between stations KXMA-TV and KXMD-TV, KXMC-TV and KXMA-TV and KXMB-TV and KXMD-TV. There is slight digital contour overlap between KXMC-TV and KXMB-TV as well as slight contour overlap between KXMB-TV and KXMA-TV.<sup>6</sup>

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<sup>4</sup> *Letter to LIN License Company, LLC*, DA 12-1576 (Oct. 2, 2012) at 2; *see also Selenka Communications, LLC*, 25 FCC Rcd 278, 279 (¶ 3) (2010) (concluding that there is no digital equivalent to the analog “city-grade” contour and that digital contour overlap is not relevant to satellite determinations).

<sup>5</sup> *Letter to LIN License Company, LLC*, DA 12-1576 (Oct. 2, 2012) at 2.

<sup>6</sup> See Attachment A.

*Service to Underserved Areas:* In its Satellite Policy, the Commission indicated that a community with two or fewer full-power stations licensed to it would be considered “underserved.”<sup>7</sup> There currently are three full-power television stations licensed to Williston and Dickinson respectively – the stations owned by Reiten (KXMA-TV and KXMD-TV) as well as KUMV-TV (Williston) and KQCD-TV (Dickinson) licensed to Gray Television Licensee, Inc. (“Gray”) and KWSE (Williston) and KDSE (Dickinson) licensed to Prairie Public Broadcasting, Inc. (“PPB”). Each of the Gray stations is licensed to operate as a satellite of KFYZ-TV, Bismarck, North Dakota and each of the PPB stations operates as a part of the PPB network of PBS stations serving North Dakota from its flagship station KFME, Fargo, North Dakota. Accordingly, Nexstar believes that Williston and Dickinson may be classified as underserved as no full-power stand-alone television stations serve either community.

Bismarck is not “underserved,” receiving service from five full-power television stations. However, each of these stations either serves as the “primary” station for one or more satellite stations serving other portions of the DMA or itself operates as a satellite station of another “primary” station licensed to the DMA.<sup>8</sup>

*Viability as Full-Service Station:* Although the Commission has only approved the satellite status for KXMA-TV, KXMB-TV and KXMD-TV one time, these stations have been operating as satellites of KXMC-TV for more than 30 (or 50) years, and are highly unlikely to be viable as full-service stations today. According to an analysis provided by Frank Higney, Vice President of Kalil & Co., Inc., a nationally recognized brokerage and appraisal firm, there are

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<sup>7</sup> Satellite Policy, 6 FCC Rcd at 4215.

<sup>8</sup> Minot also receives service from five full-power television stations (licensed to the same licensees who hold the licenses for the Bismarck stations); each of which either serves as the



several factors that make operation of any of KXMA-TV, KXMB-TV and KXMD-TV as stand-alone full-service stations impracticable. First, the Minot-Bismarck-Dickinson (Williston DMA) covers 39 counties and 40,000 square miles spread over central and western North Dakota and parts of Montana.<sup>9</sup> Each of the satellite stations provides a viewable over-the-air signal to less than half of the geographic area of the DMA.

Each of the primary ownership groups in the market (Gray, Reiten, PPB and Forum Communications) cover the DMA via a full power parent stations with satellite stations as no single station is able to provide over-the-air services to the full DMA. Moreover, two other stations (also a parent-satellite combination), previously licensed to Prime Cities Broadcasting licensed to the DMA recently went dark.<sup>10</sup> Finally, in Kalil's marketing process for the Reiten stations, no potential buyers considered any of the satellite stations for operation as possible stand-alone stations, and all offers were predicated on the ongoing entity of KXMC-TV and its satellite stations continuing as is.<sup>11</sup>

Moreover, without continued satellite service for KXMA-TV, KXMB-TV and KXMD-TV a significant number of households in the DMA would lose the over-the-air signal of the CBS affiliate in the DMA. In addition, many cable headends in the DMA would be unable to receive a good quality signal via over-the-air distribution forcing significant expenditures for cable viewers to continue to receive the DMA's CBS affiliate. Furthermore, each of the DBS

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"primary" station for one or more satellite stations serving other portions of the DMA or itself operates as a satellite station of another "primary" station licensed to Bismarck.

<sup>9</sup> Letter from Frank Higney to Elizabeth Ryder dated September 25, 2015, attached hereto as Attachment B.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

providers (DirecTV and DISH Network) picks up a different over-the-air signal based on the location of the distributors receive facilities. Without grant of continuing satellite waivers for KXMA-TV, KXMB-TV and KXMD-TV, a significant number of viewers would be deprived of one news outlet to provide local news and critical weather information. Furthermore, loss of continuing satellite waivers for KXMA-TV, KXMB-TV and KXMD-TV would place KXMC-TV at a significant disadvantage to its competitors in the DMA as each of the major network affiliates (plus the PBS station) operates with one or more satellite stations to serve the DMA.

Finally, as the Commission recently stated in its grant of continuing satellite waivers for the television stations licensed to Gray (KQCD-TV, KUMV-TV and KMOT(TV)) serving the DMA, “given the stations’ long history as satellites, the limited population of the DMA, and the fact that the other major network affiliates in the DMA also rely on satellites, it is unlikely that an alternative operator would be willing and able to operate the station[s] as stand-alone facility[ies].<sup>12</sup>” These same factors are present in the instant request with respect to continuing satellite waivers for KXMA-TV, KXMB-TV and KXMC-TV.

For the foregoing reasons, Nexstar respectfully requests that the Commission continue to authorize KXMA-TV, KXMB-TV and KXMC-TV to operate as satellites of KXMC-TV.

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<sup>12</sup> See *Letter to Hoak Media, LLC and Gray Television Group, Inc.* from Hossein Hashemzadehm Deputy Chief, Video Division, Media Bureau, DA 14-452, rel. Apr. 3, 2014.

# ATTACHMENT A



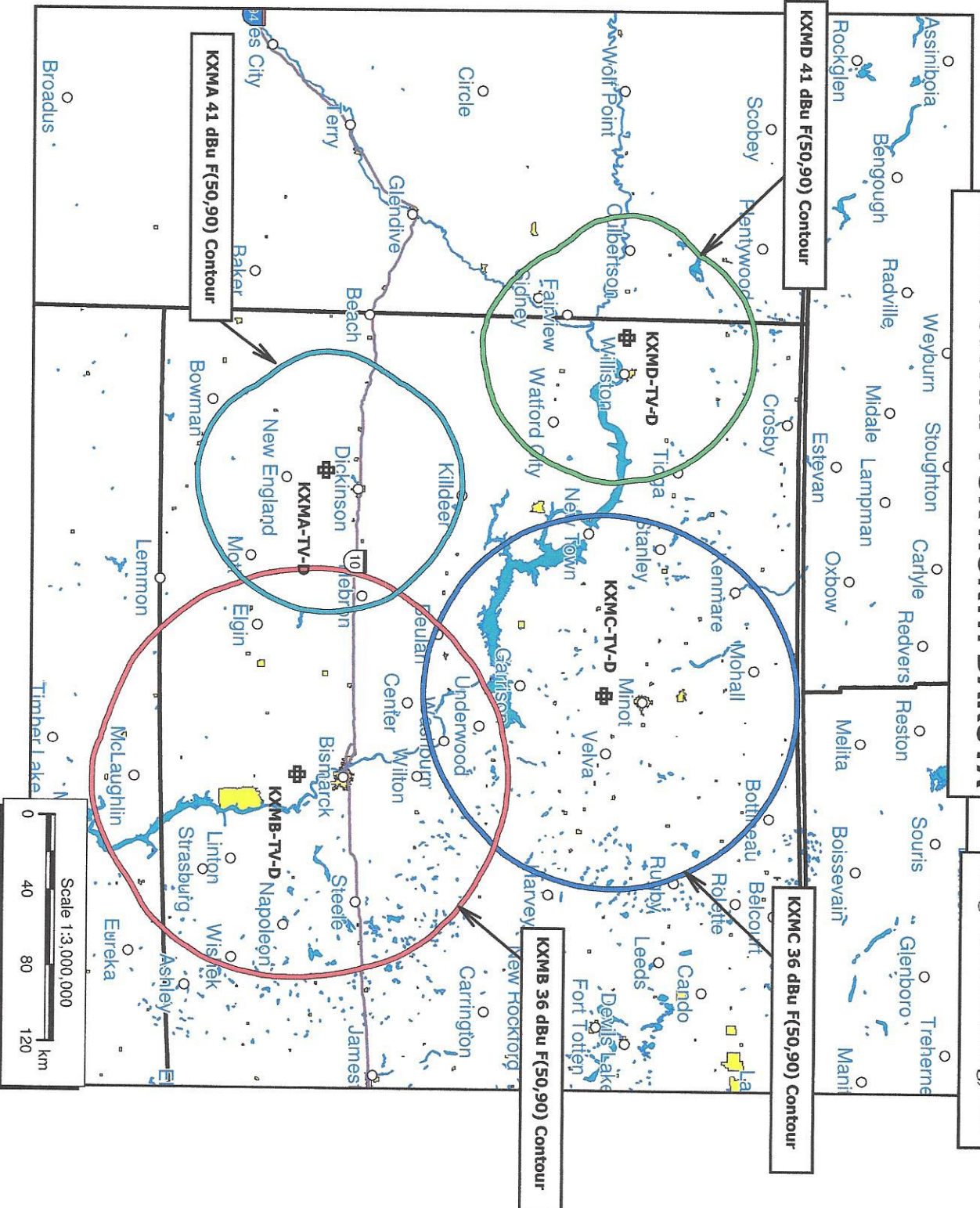
# CONTOUR MAP FOR NORTH DAKOTA

Greg Best Consulting, Inc.

**KXMA-TV-D**  
 BLCDT20090715AHZ  
 Latitude: 46-43-35 N  
 Longitude: 102-54-57 W  
 ERP: 150.00 kW  
 Channel: 19  
 Frequency: 503.0 MHz  
 AMSL Height: 1033.0 m  
 Elevation: 893.0 m  
 HAAT: 217.0 m  
 Horiz. Pattern: Directional  
 Vert. Pattern: Yes  
 Elec Tilt: 0.75  
 Prop Model: None

**Contour Color Legend**

	KXMA-TV-D (19)
	KXMB-TV-D (12)
	KXMC-TV-D (13)
	KXMD-TV-D (14)



## ATTACHMENT B





**Kalil & Co., Inc.**

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

September 25, 2015

Ms. Elizabeth Ryder  
Vice President and General Counsel  
Nexstar Broadcasting Group, Inc.  
545 East John Carpenter Freeway  
Suite 700  
Irving, TX 75062

Re: Analysis of: KXMD-TV, Williston, North Dakota ("KXMD-TV")  
KXMB-TV, Bismarck, North Dakota ("KXMB-TV")  
KXMA-TV, Dickinson, North Dakota ("KXMA-TV")

Dear Ms. Ryder:

Nexstar Broadcasting Group, Inc. ("Nexstar") has engaged Kalil & Co., Inc. ("Kalil") to evaluate the ability to sell stations KXMD-TV, Williston, North Dakota; KXMB-TV, Bismarck, North Dakota; and KXMA-TV, Dickinson, North Dakota, on an individual basis.

This analysis considers the feasibility of operating any or all of these aforementioned stations as a full service, standalone television operation with no technical, sales or programming support from its parent station. Currently, KXMD-TV, KXMB-TV, and KXMA-TV broadcast as satellites of KXMC-TV, Minot, North Dakota, the CBS affiliate serving the Minot-Bismarck-Dickinson DMA. You have asked that we 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 any of the satellite stations 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 eight 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 also 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.

**Analysis:** In evaluating the marketability of KXMD-TV, KXMB-TV, and KXMA-TV, the following points highlight the challenging nature of attempting to sell each or any of these television stations as a standalone, full-service facility:

KMXC-TV and its satellites KXMD-TV, KXMB-TV, and KXMA-TV operate as the CBS affiliates serving the Minot-Bismarck-Dickinson television market. This market is the nation's 139<sup>th</sup> largest television market, with total TV households of 162,120 as of January 2015, according to Nielsen. BIA/Kelsey estimates the population in the DMA at 400,000. A total of 39 counties spread over central and western North Dakota comprise the market.

The Minot-Bismarck-Dickinson DMA covers a wide geographic area covering more than half of the state of North Dakota east-west and the entire north-south portion of that area. The DMA also includes some counties in Montana and South Dakota, giving it a coverage area of some 40,000 square miles, making this one of the geographically largest DMAs in the country.

There are currently ten full power television stations providing service to the DMA. Two other stations licensed to the DMA recently went dark. Each of the primary ownership groups in the market, Reiten, Gray, and Forum, cover the DMA via a full power parent operation with satellite stations. No single station is able to provide over-the-air service to the entire market.

Gray currently operates three satellites in the market to distribute its NBC affiliated programming and also provides the Fox programming formerly carried by Prime Cities Broadcasting on its D-2 channels. Forum's KBMY, Bismarck and satellite KMCY, Minot, distribute ABC affiliated programming to the market.

Reiten Television provides CBS programming to the market and has operated KXMB-TV and KXMD-TV as satellites of KXMC-TV since their sign-ons in 1955 and 1969 respectively. KXMA-TV was purchased in 1984 and added as a satellite. It is this historic combination of signals that has allowed KXMC-TV and its satellites to provide

CBS programming and local news and weather to viewers throughout this expansive market.

Without its satellite operations, KXMC-TV would be at a significant disadvantage in terms of competing with the other network affiliates and their satellite operations for viewers and advertising revenues in the Minot-Bismarck-Dickinson television market.

In the marketing process conducted by Kalil for the Reiten Television stations, no potential buyers considered any of the satellites as a possible stand-alone acquisition. All offers received were predicated upon an ongoing entity consisting of KXMC-TV and all of its satellite operations.

Consequently, it is our considered opinion that none of the aforementioned satellite stations would be able to effectively compete in the Minot-Bismarck-Dickinson television market as a stand-alone operation. The history in the market and current competitive make-up support this conclusion.

Sincerely,

**Kalil & Co., Inc.**

By: 

Frank J. Higney  
Vice President