

Reason for Engineering STA

The instant request for an Engineering STA is part of a combined effort to restore KXEG(AM), Phoenix, Arizona (Facility Id. No. 10975) and K241CS, Phoenix, Arizona (Facility Id. No. 156046) to operations prior to the one-year anniversary of the stations remaining silent, thereby serving the public interest.

On January 7, 2020, the Superior Court of Arizona, Maricopa County, approved appointment of Stephan C. Sloan of Media Services Group as the receiver for KXEG and K241CS and to take such actions as may be necessary to preserve the stations' licenses.¹ On January 8, 2020, applications for pro forma assignment of license of KXEG and K241CS from the previous licensee to Mr. Sloan as the receiver were filed with the FCC.² On January 9, 2020, the licensee filed a request for an Engineering STA for KXEG to operate at variance to the station's license.³ It was necessary to file the Engineering STA for KXEG because the previous licensee had lost the licensed tower site for the station. K241CS was able to resume operations with its licensed facilities as a fill-in translator for KXEG. On January 14, 2020, the FCC granted the assignment applications for each station and the Engineering STA for KXEG. On January 14, 2020, the parties consummated assignment of the stations to Mr. Sloan. On January 29, 2020, the stations resumed operations pursuant to the Engineering STA for KXEG and the licensed facilities for K241CS.

Mr. Sloan in his capacity as receiver immediately undertook efforts to find a purchaser for the stations. The world-wide Covid-19 pandemic, which shut down daily commercial and social life in the United States from March 2020 until the present, made finding qualified buyers difficult. The stations continued operations until April 15, 2020, when the underlying dire financial conditions of the stations combined with the pandemic made it economically unfeasible for the stations to remain on the air. Mr. Sloan has filed the requisite requests for special temporary authority for the stations to remain silent.⁴

A potential purchaser of the stations has been identified. The parties will negotiate the terms and conditions of an Asset Purchase Agreement which must be approved by the Superior Court in Arizona. Upon a court order approving the sale, the parties will file the necessary applications with the Commission for approval of the sale for the stations. Although it is difficult to estimate when the Superior Court will approve a sale of the stations to the new purchaser, the parties intend to file the applications for construction permit for KXEG and K241CS shortly after execution of the asset purchase agreement. The parties believe the permit applications can be filed with the FCC within sixty to ninety days.

Attached is a contour map showing that the proposed operation of K241CS pursuant to this Engineering STA will meet the fill-in requirements for KXEG.

¹ A copy of the Court Order is attached to this Engineering STA request.

² File Nos. BAL-20200108AAF and BALFT-20200108AAM.

³ File No. BSTA-20200109AAI.

⁴ File Nos. BLSTA-20200612AAD and BLESTA-20210112AAJ for KXEG and File Nos. BLSTA-20200612AAC and BLESTA-20210112AAI for K241CS.

Grant of this Engineering STA is in the public interest, given the special circumstances surrounding these stations. First, the Superior Court appointed Mr. Sloan as receiver on behalf of the creditors of the previous licensees of KXEG and K241CS in an effort to facilitate a sale of the stations to a new licensee, thereby ensuring the continuation of broadcast service to the public. Second, the stations as assigned to Mr. Sloan were in dire financial straits. The stations were not cash-flowing at all. The previous licensee had lost the tower site. Third, the Covid-19 pandemic further complicated the sale of the stations. Fourth, grant of the Engineering STA will facilitate a sale of the stations, thereby ensuring continued service to the public.