

REVISED COMPREHENSIVE EXHIBIT
December 2015

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I. DESCRIPTION OF TRANSACTION

This application is one of several FCC Form 314 applications filed by Gray Television Group, Inc., (“Gray”) and Schurz Communications, Inc. (“Schurz”), in each case on behalf of their broadcast subsidiaries, requesting the Commission’s consent to the assignment to Gray Television Licensee, LLC (“Gray Licensee”) of certain broadcast licenses held by Schurz subsidiaries.

As described in more detail below, this transaction together with certain related transactions will bring tremendous public interest benefits that otherwise would not be possible under current ownership:

- *South Bend, Indiana:* Affiliates of Schurz have co-owned the leading television, radio, and newspaper properties in South Bend, Indiana for decades. The combined transactions will break up that longstanding, grandfathered combination and bring two new independent voices to the market – WLUC Licensee, LLC as the new owner of CBS affiliate WSBT-TV and WSJM, Inc. as the new owner of WNSN(FM), WSBT(AM), WZOC(FM), and WHFB-FM.
- *Augusta, Georgia:* At closing, the joint sales agreement between the market’s number one ranked station, WJBF(TV), owned by an affiliate of Media General, Inc., and Schurz’s NBC affiliate WAGT(TV) will be broken. In addition, Gray intends to offer the license for WAGT(TV) in the spectrum auction, which will alleviate significant spectrum congestion in and around the Augusta area.
- *Springfield, Missouri:* At closing, Gray will break the joint sales agreement between Schurz’s station KYTV(TV) and KSPR-TV. In addition, Gray will not assume the option or guarantee between Schurz and the licensee of KSPR-TV.
- *Western Nebraska:* Gray will convert Schurz’s station KDUH-TV, Scottsbluff, Nebraska, from a satellite of Schurz’s Rapid City, South Dakota station to a satellite of Gray’s NBC affiliate, KNOP-TV, North Platte, Nebraska. For the first time, this will bring local news, sports, and information programming produced in and for Nebraska to residents of the “orphan counties” in Western Nebraska
- *Northeast Wyoming:* Gray will convert Schurz’s station KSWG-TV, Sheridan, Wyoming, from a satellite of Schurz’s Rapid City station to a satellite of Gray’s NBC affiliate, KCWY-DT, Casper, Wyoming. As in Western Nebraska, this will bring local news, sports, and information programming produced in and for Wyoming to residents of the “orphan counties” in Northeast Wyoming.
- *Rapid City, South Dakota:* Gray proposes to spinoff full power television station KOTA-TV and its satellite KHSD-TV to Legacy Broadcasting of Rapid City, LLC a female-owned small business that will bring a new diverse voice to the Rapid City DMA.

- *Anchorage, Alaska:* Gray proposes to combine the operations of Schurz's leading NBC affiliate KTUU-TV with failing station KYES-TV. This combination will rescue KYES-TV from financial distress and ensure that the station can become a viable voice in the Anchorage market.

Given these significant public interest benefits, the applicants respectfully request that the Commission approve this transaction and grant the satellite, failing station, and other waivers requested herein.

II. FCC LICENSES TO BE TRANSFERRED

Schurz holds the following full-power broadcast licenses¹ through its licensee subsidiaries:

Call Sign	Community of License	Facility ID Number
WSBT-TV (to be assigned to WLUC Licensee, LLC ²)	South Bend, IN	73983
KYTV(DT)	Springfield, MO	36003
KOTA-TV (to be assigned to Legacy Broadcasting of Rapid City, LLC ³)	Rapid City, SD	17688
KDUH-TV (satellite of KOTA-TV, to be rededicated as a satellite of KNOP-TV, North Platte, NE)	Scottsbluff, NE	17683
KHSD-TV (satellite of KOTA-TV, to be assigned to Legacy Broadcasting of Rapid City, LLC)	Lead, SD	17686
KSGW-TV (satellite of KOTA-TV, to be rededicated as a satellite of KCWY-DT, Casper, WY)	Sheridan, WY	17680
KTUU-TV	Anchorage, AK	10173
WAGT(TV)	Augusta, GA	70699
WDBJ(TV)	Roanoke, VA	71329
KWCH-DT	Hutchinson, KS	66413
KSCW-DT	Wichita, KS	72348
KBSD-DT (satellite of KWCH-DT)	Ensign, KS	66414
KBSH-DT	Hays, KS	66415

¹ As reflected in the relevant applications, the parties also request consent to the assignment to Gray Licensee certain low power television, TV translator, and FM translator broadcast licenses.

² See FCC File No. BALCDT-20151008ACM.

³ See FCC File No. BALCDT-20151013AFS.

Call Sign	Community of License	Facility ID Number
<i>(satellite of KWCH-DT)</i>		
KBSL-DT <i>(satellite of KWCH-DT)</i>	Goodland, KS	66416
WNSN(FM) <i>(to be assigned to WSJM, Inc.)</i> ⁴	South Bend, IN	73984
WSBT(AM) <i>(to be assigned to WSJM, Inc.)</i>	South Bend, IN	73985
WZOC(FM) [†] <i>(to be assigned to WSJM, Inc.)</i> ⁵	Plymouth, IN	12999
WHFB-FM [†] <i>(to be assigned to WSJM, Inc.)</i>	Benton Harbor, MI	72175
WASK(AM) <i>(to be assigned to Neuhoﬀ Family Limited Partnership)</i> ⁶	Lafayette, IN	71065
WASK-FM <i>(to be assigned to Neuhoﬀ Family Limited Partnership)</i>	Battle Ground, IN	59361
WKHY(FM) <i>(to be assigned to Neuhoﬀ Family Limited Partnership)</i>	Lafayette, IN	63185
WKOA(FM) <i>(to be assigned to Neuhoﬀ Family Limited Partnership)</i>	Lafayette, IN	71064
WXXB(FM) <i>(to be assigned to Neuhoﬀ Family Limited Partnership)</i>	Delphi, IN	72676
KFXS(FM) <i>(to be assigned to HomeSlice Media Group, LLC)</i> ⁷	Rapid City, SD	66821
KKMK(FM) <i>(to be assigned to HomeSlice Media Group, LLC)</i>	Rapid City, SD	61325

⁴ See FCC File No. BALCDT-20151030AHM.

[†] Station licensed to Douglas Road Radio, Inc. (“DRR”). WSBT, Inc., a wholly-owned subsidiary of Schurz, owns a non-attributable minority interest in DRR. WSBT, Inc. will acquire the remaining stock in DRR simultaneously with the Closing of this transaction, and DRR will in the same transaction assign the licenses for these two stations to WSJM, Inc. Since WSBT, Inc. and Schurz will not actually exercise control over the DRR stations, “grant of a single long-form application contemplating this type of pass-through does not violate the mandate of Section 310(d).” *John H. Phipps, Inc.*, 11 FCC Rcd 13053, 13056 (1996); see *Consent to Assignment of Licenses for WPTA, et al.*, DA 15-1026 (Med. Bur. Rel. Sept. 15, 2015) at 2 n.4.

⁵ See FCC File No. BALCDT-20151030AHQ.

⁶ See FCC File No. BALCDT-20151030APE.

⁷ See FCC File No. BALCDT-20151030AQB.

KOUT(FM) (to be assigned to HomeSlice Media Group, LLC)	Rapid City, SD	14642
KRCS(FM) (to be assigned to HomeSlice Media Group, LLC)	Sturgis, SD	9668

III. OTHER MEDIA INTERESTS

Gray holds the following full-power broadcast licenses through Gray Licensee:

Call Sign	Community of License	Facility ID Number
KABY-TV (Satellite of KSFY-TV)	Aberdeen, SD	48659
KAKE(TV) (to be assigned to Knoxville TV LLC ⁸)	Wichita, KS	65522
KALB-TV	Alexandria, LA	51598
KBTX-TV (Satellite of KWTX)	Bryan, TX	6669
KCRG-TV	Cedar Rapids, IA	9719
KCWY-DT	Casper, WY	68713
KEVN-TV	Rapid City, SD	34347
KFYR-TV	Bismarck, ND	41427
KGIN(TV) (Satellite of KOLN)	Grand Island, NE	7894
KGNS-TV	Laredo, TX	10061
KGWN-TV	Cheyenne, WY	63166
KIVV-TV (Satellite of KEVN-TV)	Lead, SD	34348
KKCO(TV)	Grand Junction, CO	24766
KKTV(TV)	Colorado Springs, CO	35037
KLBY(TV) (Satellite of KAKE, to be assigned to Knoxville TV, LLC)	Colby, KS	65523
KMOT(TV) (Satellite of KFYR-TV)	Minot, ND	41425
KMVT(TV)	Twin Falls, Idaho	35200
KNOE-TV	Monroe, LA	48975
KNOP-TV	North Platte, NE	49273
KOLN(TV)	Lincoln, NE	7890
KOLO-TV	Reno, NV	63331
KOSA-TV	Odessa, TX	6865

⁸

See FCC File Nos. BALCDT20151014AEC, *et seq.*

Call Sign	Community of License	Facility ID Number
KPRY-TV <i>(Satellite of KSFY-TV)</i>	Pierre, SD	48660
KQCD-TV <i>(Satellite of KFYZ-TV)</i>	Dickinson, ND	41430
KSFY-TV	Sioux Falls, SD	48658
KSNB(TV)	Superior, NE	21161
KSTF(TV) <i>(Satellite of KGWN-TV)</i>	Scottsbluff, NE	63182
KUMV-TV <i>(Satellite of KFYZ-TV)</i>	Williston, ND	41429
KUPK(TV) <i>(Satellite of KAKE, to be assigned to Knoxville TV, LLC)</i>	Garden City, KS	65535
KVLY-TV	Fargo, ND	61961
KWTX-TV	Waco, TX	35903
KXII(TV)	Sherman, TX	35954
WAGM-TV	Presque Isle, Maine	48305
WBKO(TV)	Bowling Green, KY	4692
WCAV(TV)	Charlottesville, VA	363
WCTV(TV)	Thomasville, GA	31590
WEAU(TV)	Eau Claire, WI	7893
WHSV-TV	Harrisonburg, VA	4688
WIBW-TV	Topeka, KS	63160
WIFR(TV)	Freeport, IL	4689
WILX-TV	Onondaga, MI	6863
WITN-TV	Washington, NC	594
WJHG-TV	Panama City, FL	73136
WJRT-TV	Flint, MI	21735
WKYT-TV	Lexington, KY	24914
WMTV(TV)	Madison, WI	6870
WNDU-TV	South Bend	41674
WOWT(TV)	Omaha, NE	65528
WRDW-TV	Augusta, GA	73937
WQCW(TV)	Portsmouth, OH	65130
WSAW-TV	Wausau, WI	6867
WSAZ-TV	Huntington, WV	36912
WSWG(TV)	Valdosta, GA	28155
WTAP-TV	Parkersburg, WV	4685
WTOK-TV	Meridian, MS	4686
WTVG(TV)	Toledo, OH	74150
WTVY(TV)	Dothan, AL	4152
WVLT-TV	Knoxville, TN	35908
WYMT-TV	Hazard, KY	24915

On October 8, 2015, an application was filed requesting FCC consent to the assignment of WLUC-TV, Marquette, Michigan (FID 21259), from WLUC Licensee, LLC to Gray Television Licensee, LLC.⁹

On October 9, 2015, an application was filed requesting FCC consent to the assignment of KYES-TV, Anchorage, Alaska (FID 21488), from Fireweed Communications LLC to Gray Television Licensee, LLC.¹⁰

On October 14, 2015, an application was filed requesting FCC consent to the assignment of WBXX-TV, Crossville, TN (FID 72971), from Knoxville TV LLC to Gray Television Licensee, LLC.¹¹

Elizabeth R. Neuhoff, a Director of Gray Television, Inc., also has an attributable interest in Neuhoff Family Limited Partnership, the proposed assignee of the five radio stations in the Lafayette, Indiana market. Elizabeth R. Neuhoff, as a result of her attributable interest in Neuhoff Family Limited Partnership and related entities, also has an attributable interest in the following stations:

Call Sign	Community of License	Facility ID Number
WDAN(AM)	Danville, IL	48330
WDNL(FM)	Danville, IL	48332
WRHK(FM)	Danville, IL	57465
WCVS(FM)	Springfield, IL	70275
WFMB(AM)	Springfield, IL	48333
WFMB-FM	Springfield, IL	48331
WXAJ(FM)	Hillsboro, IL	4738
WCZQ(FM)	Monticello, IL	46942
WDZ-AM	Decatur, IL	53348
WDZQ(FM)	Decatur, IL	47004
WSOY(AM)	Decatur, IL	36945
WSOY-FM	Decatur, IL	36951

IV. PARTIES TO APPLICATION

The following chart provides ownership information for the proposed assignee of the licenses – Gray Television Licensee, LLC.

Gray Television Licensee, LLC

1	Gray Television Licensee, LLC 4370 Peachtree Road, NE Atlanta, GA 30319	Gray Television Group, Inc. 4370 Peachtree Road, NE Atlanta, GA 30319
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⁹ See FCC File No. BALCDT-20151008ACB.

¹⁰ See FCC File No. BALCDT-20151009ADJ.

¹¹ See FCC File No. BALCDT-20151014ADY.

2	Nevada Limited Liability Company	Delaware Corporation
3	N/A	Sole Member
4	N/A	100%
5	N/A	N/A

Name	Citizenship	Positional Interest	% Votes	% Total Assets
Hilton H. Howell, Jr.	US	Director/ Officer	0%	0%
Kevin P. Latek	US	Director/Officer	0%	0%
Kristine W. Eppes	US	Director/Officer	0%	0%
Robert J. Folliard, III	US	Officer	0%	0%
James C. Ryan	US	Officer	0%	0%
Wendy Mavrinac	US	Officer	0%	0%

Gray Television Group, Inc.

1	Gray Television Group, Inc. 4370 Peachtree Road, NE Atlanta, GA 30319	WVLT-TV, Inc. 4370 Peachtree Road, NE Atlanta, GA 30319
2	Delaware Corporation	Georgia Corporation
3	N/A	Sole Shareholder
4	N/A	100%
5	N/A	N/A

The following individuals are officers or directors of **Gray Television Group, Inc.**

Name	Citizenship	Positional Interest	% Votes	% Total Assets
Hilton H. Howell, Jr.	US	Director/ Officer	0%	0%
Kevin P. Latek	US	Director/Officer	0%	0%
Jason A. Effinger	US	Officer	0%	0%
James C. Ryan	US	Officer	0%	0%
Bob Smith	US	Officer	0%	0%
Nick Waller	US	Officer	0%	0%
Greg Conklin	US	Officer	0%	0%
Jackson S. Cowart, IV	US	Officer	0%	0%
Robert J. Folliard, III	US	Officer	0%	0%
Jan Goldstein	US	Officer	0%	0%
Lisa Guill	US	Officer	0%	0%
Vance F. Luke	US	Officer	0%	0%

Name	Citizenship	Positional Interest	% Votes	% Total Assets
Chris Baker	US	Officer	0%	0%
Jay Barton	US	Officer	0%	0%
Jim Beck	US	Officer	0%	0%
James Berman	US	Officer	0%	0%
Spencer Bienvenu	US	Officer	0%	0%
Mike Braun	US	Officer	0%	0%
Robert Brokke	US	Officer	0%	0%
Ulysses Carlini	US	Officer	0%	0%
Julia Campbell	US	Officer	0%	0%
Tim Coles	US	Officer	0%	0%
Rick Dean	US	Officer	0%	0%
Matt Eldredge	US	Officer	0%	0%
Jose Gaona	US	Officer	0%	0%
Mark Gentner	US	Officer	0%	0%
Michele D. Godard	US	Officer	0%	0%
Chris Gross	US	Officer	0%	0%
Annette Heath	US	Officer	0%	0%
Matt Jaquint	US	Officer	0%	0%
Tracey Jones	US	Officer	0%	0%
Mike King	US	Officer	0%	0%
Allan Lancaster	US	Officer	0%	0%
Kelly Landeen	US	Officer	0%	0%
Laura Long	US	Officer	0%	0%
Nick Matesi	US	Officer	0%	0%
Rick McCue	US	Officer	0%	0%
Neil Middleton	US	Officer	0%	0%
Brad Moses	US	Officer	0%	0%
Chris Mossman	US	Officer	0%	0%
Terry McHugh	US	Officer	0%	0%
Tim Myers	US	Officer	0%	0%
John O'Brien	US	Officer	0%	0%
Heather Peeples	US	Officer	0%	0%
Thom Pritz	US	Officer	0%	0%
Sue Ramsett	US	Officer	0%	0%
John Ray	US	Officer	0%	0%
Vic Richards	US	Officer	0%	0%
Barry Schumaier	US	Officer	0%	0%
Roger Sheppard	US	Officer	0%	0%
Stacey Stewart	US	Officer	0%	0%
Don Vesely	US	Officer	0%	0%
Pete Veto	US	Officer	0%	0%
Tim Walker	US	Officer	0%	0%
James Wareham	US	Officer	0%	0%

Name	Citizenship	Positional Interest	% Votes	% Total Assets
Tregg White	US	Officer	0%	0%
Mike Wright	US	Officer	0%	0%
Luis Villarreal	US	Officer	0%	0%
Becky Meyer	US	Officer	0%	0%

WVLT-TV, Inc.

1	WVLT-TV, Inc. 4370 Peachtree Road, NE Atlanta, GA 30319	Gray Television, Inc. 4370 Peachtree Road, NE Atlanta, GA 30319
2	Georgia Corporation	Georgia Corporation
3	N/A	Sole Shareholder
4	N/A	100%
5	N/A	N/A

The following individuals are officers or directors of **WVLT-TV, Inc.**

Name	Citizenship	Positional Interest	% Votes	% Total Assets
Hilton H. Howell, Jr.	US	Director/ Officer	0%	0%
Kevin P. Latek	US	Director/Officer	0%	0%
James C. Ryan	US	Officer	0%	0%
Jackson S. Cowart, IV	US	Officer	0%	0%
Jan Goldstein	US	Officer	0%	0%
Vance F. Luke	US	Officer	0%	0%
Christopher D. Baker	US	Officer	0%	0%
Robert J. Folliard, III	US	Officer	0%	0%

Gray Television, Inc.

The following individuals or entities are an officer, director or hold an attributable interest in Gray Television, Inc.

Name	Citizenship	Positional Interest	% Votes	% Total Assets
Harriet Robinson ¹²	US	Owner/Director	32.4%	0%
Hilton H. Howell, Jr. ¹³	US	Director/ Officer	12.65%	0%
Atlantic American ¹⁴ Corporation	US	Stockholder	5.16%	0%
Richard L. Boger	US	Director	0%	0%
T.L.(Gene) Elder	US	Director	0%	0%
Robin R. Howell	US	Director	0%	0%
William E. Mayher, III	US	Director	0%	0%
Howell W. Newton	US	Director	0%	0%
Hugh E. Norton	US	Director	0%	0%
Elizabeth R. Neuhoff	US	Director	0%	0%
Kevin P. Latek	US	Officer	0%	0%
Jason A. Effinger	US	Officer	0%	0%
James C. Ryan	US	Officer	0%	0%
Bob Smith	US	Officer	0%	0%
Nick Waller	US	Officer	0%	0%
Jackson S. Cowart, IV	US	Officer	0%	0%
Robert J. Folliard, III	US	Officer	0%	0%
Vance F. Luke	US	Officer	0%	0%
Jan Goldstein	US	Officer	0%	0%

¹²

The attributable ownership interest reported herein for Harriet Robinson includes:

- (i) her ownership of Class A Common Stock (ten votes each share) and Class B Common Stock (one vote each share);
- (ii) the stock held in trust for children or grandchildren; and
- (iii) shares held by companies controlled by Mr. Robinson's Estate that own both Class A Common and Class B Common Stock of Gray except Atlantic American Corporation, which is reported separately above. See Note 11.

¹³

The attributable ownership interest reported herein for Hilton H. Howell, Jr. includes:

- (i) his individual ownership of Class A Common Stock (ten votes each share) and Class B Common Stock (one vote each share);
- (ii) the stock owned by his wife, Robin R. Howell, and
- (iii) the stock held in trust by his wife for their children.

It is not represented that Mrs. Howell's media interests are independently held and not subject to common influence or control. See *In re Clarification of Commission Policies Regarding Spousal Attribution*, Policy Statement, 7 FCC Rcd 1920, para. 1 (finding that "spouses' media interests will not be attributed where the spouses' disclosures confirm that such media interests are independently held and are not subject to common influence or control").

¹⁴

Atlantic American Corporation is controlled by Mrs. Robinson who owns more than 50% of the stock of this corporation.

V. TRANSACTION DOCUMENTS

The parties are submitting with this application a copy of the Asset Purchase Agreement, dated as of September 14, 2015, by and among Schurz, subsidiaries of Schurz, and Gray (the “Purchase Agreement”). The following are the annexes, exhibits, and schedules to the Purchase Agreement:

Annexes

Annex A Schurz Subsidiaries Party to this Agreement

Exhibits

Exhibit A-1	TV Stations
Exhibit A-2	Radio Stations
Exhibit A-3	TV and Radio Stations to which a Station Provides Services
Exhibit B	Assignments of FCC Authorizations Assigning FCC Licenses
Exhibit C	Assignments and Assumptions of Contracts Assigning Purchased Contracts
Exhibit D	Assignments and Assumptions of Leases Assigning Real Property Leases
Exhibit E	Intellectual Property Assignments Assigning Intangible Rights
Exhibit F	General Bills of Sale Conveying Purchased Assets
Exhibit G	Affidavits of Non-Foreign Status of Seller
Exhibit H	Indemnity Escrow Agreement
Exhibit I	Material Lease Agreement Terms (WSBT Building)

Schedules

Schedule 1.1(a)	FCC Licenses
Schedule 1.1(b)	Tangible Personal Property
Schedule 1.1(c)(i)	Owned Real Property
Schedule 1.1(c)(ii)	Leased Real Property
Schedule 1.1(d)	Purchased Contracts
Schedule 1.1(e)	Intangible Property
Schedule 1.2(c)	Excluded Contracts
Schedule 1.2(d)	Seller Marks
Schedule 1.2(p)	Certain Excluded Assets
Schedule 1.4(a)	Certain Proration Adjustments
Schedule 1.4(b)	Allocation of Purchase Price among Sellers
Schedule 1.8(a)	FCC Licenses
Schedule 1.8(c)	Primary FCC Licenses
Schedule 1.8(g)	Overlap Licenses
Schedule 1.8(h)	Certain Regulatory Actions
Schedule 1.9	Material Multi-Station Contracts
Schedule 1.9(b)	Material Multi-Station Contracts Allocation
Schedule 2.3	Conflicts
Schedule 2.4(a)	Knowledge
Schedule 2.4(b)	Certain Notices
Schedule 2.4(c)	Certain FCC Changes

Schedule 2.5	Taxes
Schedule 2.6	Permitted Liens
Schedule 2.7(a)	Options to Purchase Real Property
Schedule 2.7(b)	Leased Real Property
Schedule 2.7(d)	Improvements
Schedule 2.9	Environmental Exceptions
Schedule 2.10	Intangible Property
Schedule 2.11	Employees; Labor Matters
Schedule 2.11(c)	Benefit Plans
Schedule 2.11(d)	Benefit Exceptions
Schedule 2.12	Insurance
Schedule 2.13	Compliance with Law; Permits
Schedule 2.14	Litigation
Schedule 2.15	Financial Statements
Schedule 2.16	Absence of Changes
Schedule 2.17	Purchased Assets; Sufficiency
Schedule 2.19	Transactions with Affiliates
Schedule 3.5	Buyer FCC Matters
Schedule 4.1	Permitted Activity
Schedule 5.5(a)	Required Consents
Schedule 5.18	Continuing Affiliate Relationships
Schedule 11.3	Designated Stations

The parties have also submitted, in connection with the applications to assign WSBT-TV and the Schurz-owned radio stations, side agreements between Gray, Schurz and the respective proposed assignees of those stations. The parties are also submitting an Amendment dated December 2, 2015, to the Purchase Agreement which, among other things, provides that, until consummation of the assignment of Television Station WAGT, Schurz will control that station's participation in the incentive auction and that Gray will be bound by Schurz' decisions.¹⁵

The parties have excluded from the application the schedules and attachments to the Purchase Agreement and the December 2, 2015 Amendment. The excluded documents contain proprietary information, are not germane to the Commission's consideration of this application, or duplicate information already included in the application or in the possession of the Commission. *See LUJ, Inc. and Long Nine, Inc.*, 17 FCC Rcd 16980 (2002). Copies of excluded portions of those documents and other material will be provided to the Commission upon request, subject to the right of the parties to ask that the material submitted be held in confidence and not be made available for public inspection pursuant to applicable rules and policies of the Commission that restrict public access to confidential and proprietary information.

VI. PENDING LICENSE RENEWAL APPLICATIONS

Certain of the Schurz stations currently have license renewal applications pending before the Commission. The parties therefore request that the Commission apply its policy permitting

¹⁵ This complies with the *Guidance Regarding the Prohibition of Certain Communications During the Incentive Auction, Auction 1000*, DA-15-1129 (rel. Oct. 6, 2015) at ¶ 23.

processing of multi-station long-form applications that involve stations with pending license renewal applications where (1) no basic qualifications issues have been raised or, if raised, were resolved favorably, and (2) the purchaser explicitly assents to standing in the stead of the seller in any renewal proceeding that is pending at the time of consummation of the transaction. Gray and Gray Licensee hereby agree to succeed to the position of the assignor in any pending license renewal applications and to assume the consequences thereof, consistent with the procedures set forth in *Shareholders of CBS Corporation*, 16 FCC Rcd 16072, ¶ 3 (2001) (“The Commission repeatedly has held that, in multi-station transactions, it will grant the transfer of control application while the renewal application is pending as long as there are no basic qualification issues pending against the transferor or transferee that could not be resolved in the context of the transfer proceeding, and the transferee explicitly assents to standing in the stead of the transferor in the pending renewal proceeding.”).¹⁶

VII. MEDIA OWNERSHIP

No party to the applications owns any conflicting media interest that would require a waiver of the Commission’s multiple ownership rules in order to complete the transaction except as described below. In fact, the transaction will result in the break-up of an existing newspaper-broadcast cross-ownership combination in South Bend, Indiana. Additionally, in Augusta and Springfield, Gray expects that existing Joint Sales Agreements will be terminated at closing. A detailed analysis of the multiple ownership situations in relevant local markets, as well as showings supporting satellite exemptions and a failing station waiver, follows.

Subsidiaries of Schurz are party to three joint sales agreements (in Springfield, Missouri; Wichita, Kansas; and Augusta, Georgia) that are permissible pursuant to the grandfathering period provided in the Commission’s April 15, 2014 order attributing joint sales agreements involving the sale of more than 15% of another local station’s ad time and subsequent Congressional legislation extending that grandfathering period.¹⁷ In addition, the same Schurz subsidiaries are parties to non-attributable shared services agreements.¹⁸

Gray proposes to significantly scale back these arrangements. In two of the markets (Augusta and Springfield), the joint sales agreements will terminate at closing. Only in Wichita does Gray request that joint sales be permitted to continue, but only until the statutory deadline for attribution of joint sales agreements. This brief accommodation will provide the parties sufficient time to unwind this existing sales relationship. As the Commission knows, the cooperative relationship that exists in Wichita produces tangible public interest benefits. For example, the joint sales support KDCU receives in Wichita under its agreement with Schurz enables the station

¹⁶ See also *Cumulus Media, Inc.*, 26 FCC Rcd 12956, 12960 (MB 2011) (applying the CBS policy to assignment applications).

¹⁷ 2014 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, Further Notice of Proposed Rulemaking and Report and Order, 29 FCC Rcd 4371, 4527 (2014) (“2014 Quadrennial NPRM”); The STELA Reauthorization Act of 2014 (STELAR), § 102, Pub. L. No. 113-200, 128 Stat. 2059, 2063 (2014). Schurz subsidiaries provide joint sales and other services to KSPR(TV), Springfield, Missouri, and KDCU(TV), Derby, Kansas. Schurz’s WAGT(TV), Augusta, Georgia receives joint sales and other services from Media General, Inc.

¹⁸ Schurz also provides a loan guarantee for Perkin Media, LLC, licensee of KSPR(TV) in Springfield and holds an option to purchase the station. Gray will not assume either the guarantee or the option.

to provide Spanish language news and emergency weather coverage to Wichita viewers – vital content that otherwise would not be available in a market in the heart of “tornado alley.”¹⁹ All told, Gray would assume a joint sales agreement and shared services agreement in Wichita and a shared services agreement in Springfield. Those agreements are being submitted to the Commission in connection with the relevant applications. Gray submits that the single joint sales agreement to be assigned in connection with the transaction is only an incidental aspect of a much larger transaction. Thus, consistent with precedent, Gray respectfully requests that the Commission provide a brief temporary waiver of its rules to permit the assignment of the joint sales agreement in Wichita.²⁰

A. Overlap Markets: The applicants each own full power television stations in four markets. In each of those markets, absent further action, Gray would own two of the four highest ranked stations in all day audience share (each a “Top Four station”). Because the Commission’s Local Television Multiple Ownership Rule, 47 C.F.R. Section 73.3555(b) (the “Duopoly Rule”) does not permit common ownership of two Top Four stations in a market, Gray will divest or otherwise dispose of one Top Four station in each of these markets. As a result of these divestitures and subject to receipt of the duopoly, failing station, and satellite waivers requested herein, at the closing of the transaction, Gray’s holdings in each market will be fully compliant with the Commission’s rules. Because, subject to grant of the waivers requested herein, these remedial measures address directly any issues raised by the Commission’s ownership rules, grant of the applications is manifestly in the public interest.

1. **Rapid City, South Dakota:** In this market, a Schurz subsidiary is the licensee of station KOTA-TV, Rapid City, South Dakota, and its satellites. Gray Licensee is the licensee of KEVN-TV, Rapid City, South Dakota, and its satellites. KOTA-TV is an affiliate of the ABC television network and KEVN-TV is an affiliate of the FOX television network. Both stations are currently Top Four stations in the market.

To comply with the Duopoly Rule, Gray has entered into an agreement to sell KOTA-TV and its satellite KHSD-TV to Legacy Broadcasting of Rapid City, LLC (“Legacy”).²¹ As the Commission is aware, Legacy is a 100% female-owned business that will bring a new diverse voice to the Rapid City market.²²

2. **South Bend, Indiana:** In this market, a Schurz subsidiary is the licensee of station WSBT-TV, South Bend, Indiana. Gray Licensee is the licensee of WNDU-TV, South Bend, Indiana. WSBT-TV is an affiliate of the CBS television network and WNDU-TV is an affiliate of the NBC television network. Both stations are currently Top Four stations in the market.

¹⁹ See, e.g., 2014 Quadrennial NPRM, 29 FCC Rcd at 4592 (statement of Commissioner Pai); Letter from Jack N. Goodman, Counsel for Schurz Communications, Inc., to Marlene H. Dortch, Secretary, FCC, MB Docket Nos. 04-256, 09-182, 10-71, at 2–3 (Feb 26, 2014), attached here to as Exhibit A.

²⁰ Consent to Transfer Control of Licenses by Shareholders of Media General, Inc. and Shareholders of LIN Media, LLC to Post-Merger Shareholders of Media General, Inc., Memorandum Opinion and Order, 29 FCC Rcd 14798, 14805-06 (2014).

²¹ See FCC File No. BALCDT-20151013AFS.

²² Press Release, Federal Communications Commission, Statement from FCC Chairman Tom Wheeler on Gray/MMTC Selection of Buyers For Former Stations (Aug. 27, 2014).

To comply with the Duopoly Rule, Gray has entered into an agreement to sell WSBT-TV to WLUC Licensee, LLC.²³

3. **Wichita, Kansas:** In this market, a Schurz subsidiary is the licensee of station KWCH-DT, Hutchinson, Kansas, and its satellites, and KSCW-DT, Wichita, Kansas. Gray Licensee is the licensee of KAKE-TV, Wichita, Kansas, and its satellites. KWCH-DT is an affiliate of the CBS television network and KAKE-TV is an affiliate of the ABC television network. Both stations are currently Top Four stations in the market.

To comply with the Duopoly Rule, Gray has entered into an agreement to sell KAKE-TV and its satellite stations KLBV-TV and KUPK-TV to Knoxville TV LLC.

4. **Augusta, Georgia:** In this market, a Schurz subsidiary is the licensee of station WAGT(TV), Augusta, Georgia. Gray Licensee is the licensee of WRDW-TV, Augusta, Georgia. WAGT(TV) is an affiliate of the NBC television network and WRDW-TV is an affiliate of the CBS television network. Both stations are currently Top Four stations in the market. The applicants must divest or otherwise dispose of either WAGT(TV) or WRDW-TV to come into compliance with the Duopoly Rule. The parties intend to participate in the incentive auction with respect to WAGT(TV). To the extent necessary, Gray requests a temporary waiver of the Duopoly Rule to permit joint ownership of WAGT(TV) and WRDW-TV until the conclusion of the auction. As a condition of this temporary waiver, Gray commits that at closing it will immediately take WAGT(TV) silent and that it will not operate WAGT(TV) at any time during the waiver period. Thus, at no point during the temporary waiver period will Gray actually operate two Top Four stations in the market. In the event that the license of WAGT(TV) is not surrendered in the auction, Gray will sell the license to a new entrant, as it has done in other markets.²⁴

B. Waiver Requests:

Wichita, Kansas

Gray seeks Commission consent to the assignment of the licenses for KWCH-DT, Hutchinson, KS (FID 66413); KBSH-DT, Hays, KS (FID 66415); KBSD-DT, Ensign, KS (FID 66414); and KBSL-DT, Goodland, KS (FID 66416). All of the stations are located in the Nielsen-defined Wichita-Hutchinson, Kansas DMA. KBSH-DT, KBSD-DT, and KBSL-DT currently operate as full-power satellite stations of KWCH-DT. Gray respectfully requests continuation of the satellite waivers for KBSH-DT and KBSD and reinstatement of the KBSL-DT satellite waiver so the stations may maintain their historic operating status and continue to serve the public.

²³ See FCC File No. BALCDT-20151008ACM.

²⁴ Press Release, Federal Communications Commission, Statement from FCC Chairman Tom Wheeler on Gray/MMTC Selection of Buyers For Former Stations (Aug. 27, 2014).

The Commission's satellite policy²⁵ set out three criteria under which the Commission will presume that the common ownership of a main and satellite station is in the public interest. Those criteria are:

1. there is no City Grade overlap between the parent and the satellite stations;
2. the proposed satellite will provide service to an underserved area; and
3. no alternative operator is ready and able to construct or purchase and operate the satellite as a full-service station.²⁶

Alternatively, if the applicant cannot demonstrate the requirements to qualify for the presumption, the Commission reviews proposals on an *ad hoc* basis to determine whether compelling circumstances warrant grant of the application.²⁷

As a result of changes to the local television ownership rule, in certain circumstances, stations that historically operated as satellites no longer qualify for satellite treatment because the contours for the stations do not overlap.²⁸ Continuing satellite treatment for KBSH-DT and KBSD-DT, is appropriate. Gray also respectfully requests that the FCC reinstate the satellite waiver for KBSL-DT. Gray can demonstrate compliance under the presumptive satellite waiver test with respect to all three stations, and Gray submits that satellite authority for KBSH-DT, KBSD-DT, and KBSL-DT serves the public interest based on the satisfaction of that test.

With respect to the first criterion of the presumptive satellite waiver test, due to the digital transition, the City Grade contour no longer exists.²⁹ Nevertheless, the Commission will consider whether the station's analog City Grade contours overlapped prior to the transition.³⁰ While overlap of the former Grade B signals was not required, the Commission acknowledged that Grade B contours could overlap so long as the City Grade contours did not. Historically, each of the satellite stations operated as a satellite of KWCH-DT, and the Commission previously approved their common ownership and operation as satellites multiple times.³¹ Furthermore, Exhibit B2 demonstrates that the former City Grade contours KBSH-DT, KBSD-DT, and KBSL-DT do not overlap the City Grade contours of KWCH-DT, and today, the noise-limited contours have minimal (if any) overlap.

With respect to the second criterion, each of the communities of license of the satellite stations is underserved. An applicant may demonstrate that a proposed satellite station serves an underserved area by demonstrating either (a) that there are two or fewer television stations

²⁵ *Television Satellite Stations Review of Policy and Rules*, 6 FCC Rcd 4212 (1991).

²⁶ *Id.* at 4213.

²⁷ *Id.* at 4214.

²⁸ *See* 73.35555(b)(1) (permitting common ownership of two stations in the same DMA if the relevant contours do not overlap).

²⁹ *New Young Broadcasting Holding Company, Inc.*, 25 FCC Rcd 7518, 7519 (MB 2010).

³⁰ *ION Media Networks Liquidating Trust*, 24 FCC Rcd 14579 (MB 2009) (noting that the stations' previous analog City Grade contours of the respective stations did not overlap prior to the transition to digital broadcasting).

³¹ *See* Letter from Barbara A. Kreisman, Chief, Video Services Division, Mass Media Bureau to John R. Feore, Jr. (March 2000)(attached as Exhibit B1). *See also In RE: KWCH-TV, Hutchison, Kansas, Application for Assignment of License, File No. BALCT-20060728AGC, ID No. 66413, et al.*, 21 FCC Rcd 10730 (MB 2006).

(including commercial, noncommercial, and satellite stations) licensed to the station's community of license (the "transmission test") or (b) that 25 percent or more of the area within the satellite station's Grade B contour, but outside the parent station's Grade B contour is served by four or fewer full-power television stations (the "reception test"). Application of the "transmission test" demonstrates each of the satellite stations in the Wichita-Hutchinson DMA serves an "underserved" area. None of the three satellite stations are licensed to a community with more than two full-service stations. Having satisfied the "transmission test," there is no need to examine the alternative "reception test."

As the FCC has determined previously, operation of the three satellite stations meets the third prong of the FCC's presumptive standard. As expressed in the attached Exhibit B3, Frank Higney concludes that none of the legacy satellite stations could operate as a stand-alone, full-power station. KWCH-DT and the three satellites are located in the Wichita-Hutchinson, television market which is comprised of 65 counties across central and western Kansas. By far, the largest city in the market is Wichita, which has a population of over 640,000. Each of the satellite stations serves communities with far less people and fails to provide an over-the-air signal to an economic base to support a stand-alone, full-service station.

KWCH-DT must continue to operate KBSD-DT, KBSL-DT, and KBSH-DT as satellites to compete effectively in the Wichita-Hutchinson DMA. Each of the Big 4 affiliates in the market uses multiple satellite, low power television, and/or TV translator stations to provide over-the-air service to a larger portion of the market than the primary station can reach. Thus, without its satellites, KWCH-DT would be at a competitive disadvantage. Moreover, a large portion of the DMA would lose its CBS affiliate, and the market would not truly have a full complement of network signals. The predicted population coverage for each of the satellite stations is as follows: KBSD-DT - 156,000, KBSL-DT - 50,000, and KBSH-DT - 102,000. Failure to grant Gray's request would exclude approximately 308,000 people (more than 25% of the total DMA population) from over-the-air service of their CBS affiliate. In addition, Gray understands that many multichannel video programming distributors ("MVPDs") in the vast western expanse of the market receive an over-the-air signal from the satellite stations to obtain KWCH-DT's programming for retransmission to their subscribers. All told, hundreds of thousands of KWCH-DT's current viewers would lose the market's highest ranked news programming and CBS's popular primetime and sports programming without FCC consent of the instant request.

The same economic conditions that have justified the common ownership of KBSH-TV, KBSL-TV, and KBSD-TV as satellites of KWCH-TV continue to exist today and granting the request is consistent with Commission precedent. Accordingly, Gray asserts that the Commission should find that Gray has met the presumptive satellite waiver test. In the alternative, Gray asks that the Commission grant the request for continuation and reinstatement of the satellite waiver, because Gray meets its burden under the *ad hoc* test.

North Platte, Nebraska

To the extent necessary, Gray hereby requests a brief waiver of the Commission's Duopoly Rule to permit KDUH-TV, Scottsbluff, Nebraska (FID 17683) to continue to operate as a satellite, only of Gray's station KNOP-TV, North Platte, NE (FID 49273), which is located in the North

Platte, Nebraska DMA.³² Technically, KDUH-TV is licensed to a community in the Cheyenne-Scottsbluff DMA. Thus, common ownership of KDUH-TV and KNOP-TV would comply with the television ownership rule without the need for a satellite waiver, but Gray is also the licensee of KGWN-TV, Cheyenne, Wyoming and KSTF(TV), Scottsbluff, Nebraska, which operates as a satellite for KGWN-TV. As a satellite, Gray's ownership of KSTF(TV) is not cognizable under the local television ownership rule, thus common ownership of KGWN-TV, KSTF(TV), and KDUH-TV is permissible, subject to the instant waiver request being granted.³³ Accordingly, Gray seeks a brief waiver of the Duopoly Rule with respect to KDUH-TV because it will allow Gray to combine the operations of KDUH-TV with KNOP-TV to bring substantial public interest benefits to viewers of KDUH-TV and residents of western Nebraska. On November 24, 2015, Gray filed a Petition for Rulemaking to change the community of license of KDUH-TV to Sidney, Nebraska, which is located in the Denver DMA.³⁴ No technical change to the transmission signal is proposed or necessary. Once the change in the community of license to Sidney has taken effect, Gray will not need a waiver of the Duopoly Rule to own KDUH-TV; therefore, the instant waiver will only need to be in effect until the proceeding to change the community of license has concluded.

The same reasons that would justify a permanent satellite waiver for KDUH-TV also support a temporary waiver of the Commission's Duopoly Rule for KDUH-TV. As demonstrated in the attached Exhibit C1, neither the former analog contour nor the digital noise-limited contour of KDUH-TV and KNOP-TV overlap. Second, Scottsbluff, Nebraska is an underserved community, because KSTF(TV) is the only other full power television station licensed to Scottsbluff. Additionally, no alternative operator would be ready, willing, and able to operate KDUH-TV as a stand-alone station. For decades, KDUH-TV has operated as a satellite station of KOTA-TV; indeed it was constructed to be a satellite. Frank Higney, a broker in the media business, has analyzed the possibility of KDUH-TV operating as a stand-alone station in the Cheyenne-Scottsbluff DMA and determined that KDUH-TV could be successfully operated only as a satellite of an existing station.³⁵ As Mr. Higney notes, Scottsbluff is a small community in western Nebraska with a population and economic base that is insufficient to support a stand-alone, full-power television station, even as an affiliate of a Big 4 network.³⁶ Thus, it is unlikely that KDUH-TV can operate as a stand-alone station and can only operate as a satellite of an existing station. There is no evidence to suggest that allowing a waiver will harm competition in the market. On the contrary, Gray will provide substantial public interest benefits by promoting access to broadcast services which are otherwise not feasible.

Gray can attest to unique compelling circumstances that justify a temporary duopoly waiver and permitting KDUH-TV to operate as a satellite for KNOP-TV. Historically, much of western Nebraska has been assigned to the Denver DMA. Thus, much of the "local" news

³² In the alternative, Gray seeks a temporary satellite waiver for KDUH-TV. The same policy arguments for granting a waiver of the Duopoly Rule provide the Commission with more than sufficient rationale to grant a satellite waiver.

³³ 47 C.F.R. § 73.3555 n.5 ("Paragraphs (b) through (e) of this section [the local television ownership rules] will not be applied to cases involving television stations that are 'satellite' operations.").

³⁴ Gray already has requested a new call sign for the station – KNEP(TV) – to take effect upon consummation of the transaction.

³⁵ See Exhibit E2.

³⁶ *Id.*

provided by other broadcasters for residents of western Nebraska originates from several hundred miles away in Denver. Although KDUH-TV has provided some local news and information programming for its viewers, KDUH-TV has operated as a semi-satellite for KOTA-TV in Rapid City, South Dakota. Thus, much of the news on the station is produced in Rapid City with a South Dakota focus. Combining KDUH-TV with KNOP-TV and using resources from Gray's stations in Lincoln (the capital of Nebraska and home of the University of Nebraska) and Omaha (Nebraska's largest city) will reorient the station squarely to serving its Nebraska viewers, and it will bring a tremendous in-state presence to these "orphan counties" in western Nebraska.

KDUH-TV will be the premier (and only) source of in-state local news for many residents in western Nebraska. Indeed, Congress recently acknowledged the value of providing television broadcast station signals that originate in from an in-state station.³⁷ Congress established five factors that the FCC should use to consider market modifications. One of those factors was whether modifying the local market of the television station would promote consumers' access to television broadcast station signals that originate in their State of residence.³⁸ Only KDUH-TV, together with KNOP-TV and Gray's other Nebraska-based stations can provide a full slate of highly valued, in-state local news and public affairs programming to the underserved residents of western Nebraska.

For the first time, the only over-the-air television service available in large portions of western Nebraska would broadcast news produced in, for, and about Nebraska. Western Nebraska's citizens will finally have news about Nebraska's political, business, and civic leaders. Gray's network of NBC affiliated stations in Nebraska will also provide news from throughout the state, including coverage of the University of Nebraska and its beloved Cornhuskers. Gray can also leverage its Washington, DC news bureau to provide viewers with coverage of political matters of local importance and their congressional delegation. Finally, KDUH-TV's commercials and PSAs will feature Nebraska businesses, political candidates, and organizations. Altogether, Gray's proposal will improve service for more than 80,000 Nebraska residents.

Grant of this temporary waiver for KDUH-TV serves the public interest. It is highly unlikely that KDUH-TV could survive if the Commission required it to operate as a full-service, stand-alone television station. But, by combining the station with Gray's other Nebraska stations and making it a satellite for KNOP-TV, Gray can provide local news, sports, and weather to residents of western Nebraska on a scale that no other broadcaster can match. Based on the foregoing, Gray asserts that the Commission should find that Gray has met its burden for a waiver for KDUH-TV.

Sheridan, Wyoming

KSGW-TV, Sheridan, Wyoming (FID 17680) operates as a semi-satellite of KOTA-TV, but because the current noise limited contour and the former Grade B contour for KSGW-TV do not overlap with any other full power television station in the Rapid City DMA that Gray owns or proposes to own and because KSGW-TV maintains a separate main studio, no satellite or main

³⁷ STELA Reauthorization Act of 2014, Pub. L. No. 113-200, 128 Stat. 2059 (2014) ("STELAR").

³⁸ *Id.*

studio waiver is necessary for Gray to acquire KSGW-TV.³⁹ Nevertheless, Gray's ownership of KSGW-TV will produce many important public interest benefits because Gray intends to convert KSGW-TV into a semi-satellite of KCWY-DT, Casper, Wyoming (FID 68713).

Currently, northeastern Wyoming residents – like the residents of western Nebraska – do not receive local news, weather, or sports content from an in-state station. Rather, the “local” programming comes from several hundred miles away in from stations based in Rapid City and Denver. As the owner of network affiliates in the Casper-Riverton and Cheyenne Scottsbluff DMAs, Gray can and will leverage the transaction to deliver in-state programming to northeastern Wyoming. Converting KSGW-TV into a satellite of Gray's in-state NBC affiliate KCWY-DT will provide northeastern Wyoming residents with news from and about Wyoming. Residents in northeast Wyoming will receive the same public interest benefits as those described above for western Nebraska. KSGW-TV's viewers would begin to see Wyoming news along with commercials and PSAs featuring Wyoming businesses, political candidates, and organizations. Moreover, Gray's journalists at KCWY-DT will work with Gray's Washington, DC Bureau to generate coverage of political issues that are of particular interest to the residents of northeastern Wyoming. All told, this proposal will improve service for more than 85,000 Wyoming residents.

E. Failing Station Waiver

Gray seeks consent from the Commission to the assignment of the license of KSCW-DT, Wichita, Kansas, (FID 72348). Gray requests that the Commission waive its local television ownership rule to permit this assignment, because KSCW-DT, which is located in the Wichita-Hutchinson, Kansas DMA, is a “failing” station. This transaction meets the test for a “failing” station set forth in Note 7(2) to Section 73.3555 of the Commission's Rules.⁴⁰

Section 73.3555(b) generally bars common ownership of television stations in the same television market with overlapping Grade B contours unless at least one of the stations in the proposed combination is not ranked among the top four stations in the market, and there would be at least eight independently owned and operated full-power stations in the market after an acquisition is consummated. In addition to KSCW-DT, Gray seeks consent from the Commission to acquire KWCH-DT, Hutchinson, Kansas, (FID 66413). While KSCW-DT is not among the top four rated stations in the market, there will not be eight independently-owned stations in the market after the transaction – even assuming Gray completes its planned divestiture of KAKE-TV to Knoxville TV LLC.

Gray, therefore, requests a waiver of the local television ownership rule, because KSCW-DT is a “failing” station. The Commission will presume a “failing” station waiver request to be in the public interest if (1) the “failing” station has a low all-day audience share (*i.e.*, no more than four percent), (2) the station has had negative cash flow for three consecutive years prior to the application, (3) the parties demonstrate public interest benefits that will flow from the proposed transaction, and (4) there is no out-of-market buyer willing and able to acquire the station at other

³⁹ Schurz also utilizes KDUH-TV, Scottsbluff, Nebraska as a satellite of KOTA-TV. As discussed separately, Gray proposes to rebroadcast KNOP-TV on KDUH-TV.

⁴⁰ 47 C.F.R. § 73.3555.

than an artificially depressed price.⁴¹ As discussed below, the proposed transaction meets all four of these standards.

KSCW Has a Low All-Day Audience Share

Gray attaches a recent report that demonstrates KSCW-DT consistently has failed to achieve an all-day audience shares in excess of four percent. As the Media Bureau acknowledged in a prior decision declaring KSCW-DT a failing station, the station historically has received audience shares below 2.75.⁴² With more competition today from a variety of outlets including online video distributors, KSCW-DT continues to earn low ratings. Indeed, over the past four Nielsen “sweeps” periods, KSCW-DT has consistently received a 2 percent share. In none of those ratings periods did KSCW-DT’s all-day audience share approach the four percent maximum threshold. With a consistent failure to achieve an audience share at the four percent share benchmark, KSCW-DT satisfies the first criterion of the failing station exception.

Poor Financial Condition

This prong of the standard focuses on the three years immediately preceding the filing of the application. As the separately filed financial data demonstrates, the station meets the second prong,⁴³ and without the support from co-owned KWCH-DT, it is doubtful that KSCW-DT would survive.

Public Interest Benefits

The Commission recognized, when it adopted its “failing station” waiver policy in 1999, that, “[a]llowing a ‘failing’ station to join with a stronger station in the market can greatly improve its ability to improve its facilities and programming operations, thus benefiting the public interest.”⁴⁴ It is understood that these waivers might be “of particular assistance to struggling stations in smaller markets that are not covered by the eight voice/top four ranked station test.”⁴⁵

The programming and operational improvements resulting from Gray’s common ownership will continue with reauthorization of the existing waiver. Gray describes some of the public interest benefits that resulted from and will continue with the combination of KSCW-DT and KWCH-DT.

- Gray will continue to offer viewers access to critical emergency programming information by utilizing KWCH-DT’s state of the art radar system. Weather and emergency information from KWCH-DT is particularly helpful for the station’s viewers because of the station’s service area which is part of “Tornado Alley.”

⁴¹ 47 C.F.R. § 73.35555, Note 7.

⁴² *In re Assignment of License for KSCW(TV), Wichita, KS (FID 72348) File No. BALCT-20070330ATL*, 22 FCC Rcd 11845 (MB 2007).

⁴³ Financial data from the previous three years is confidential financial data. It has been filed separately with the Commission, together with a request for confidential treatment.

⁴⁴ *Review of the Commission’s Regulations Governing Television Broadcasting*, 14 FCC Rcd 12903, 12939 (1999).

⁴⁵ *Id.*

- Prior to combining with KWCH-DT, KSCW-DT provided no local news. KSCW-DT currently provides the market's only local morning news from 7 a.m. to 9 a.m. (Monday through Friday and Sunday). In addition, KSCW-DT has a 30 minute newscast at 4 p.m. (Monday through Friday) and a 30 minute newscast at 9 p.m. (seven days/week). Without KSCW-DT's utilization of KWCH-DT's resources, it would be impossible for KSCW-DT to provide any newscasts. Gray will continue to provide local news on KSCW-DT.
- Outside the top 25 DMAs, CW affiliates, like KSCW-DT, rarely provide local news, because it is not economical. According to Nielsen's latest rankings, Wichita is the 65th ranked DMA. Nevertheless, KSCW-DT provides 18 hours of original news content and replays the KWCH-DT news at 1:00 a.m. Again, without the combination of station resources, KSCW-DT could not provide local viewers with local news.
- Gray has a proven track record of running strong news operations. Indeed, Gray has the top ranked news station in 32 of its 46 markets and one of the top 2 ranked news operations in 43 of 46 markets. Gray will utilize this expertise in the Wichita market to provide news and information programming that best serves the Wichita-Hutchinson market.
- Gray operates a Washington, DC news bureau providing an important outlet for lawmakers in Washington to reach their constituents back home in Gray's markets. Gray's seasoned reporters in its Washington news bureau will complement the local Wichita-based reporting by bringing a Washington perspective to stories of local importance in a way that is not possible under the station's current ownership.

No Rational Out-of-Market Buyer

Buyers are not willing and able to acquire and operate a failing station such as KSCW-DT without the ability to operate it in conjunction with a stronger, in-market station (such as KWCH-DT) and thereby taking advantage of the synergies that generate public interest benefits like those described above. Exhibit D hereto is the declaration of Mr. Frank Higney describing the prospects of a sale of KSCW-DT to an out-of-market buyer. Mr. Higney states that no reasonable out-of-market buyer is likely to purchase KSCW-DT on a standalone basis. He further explains that, on the basis of his evaluation of factors including KSCW-DT's standalone financial performance, the significant challenges faced by stations in the market to reach over-the-air viewers and cable headends, and the current economic and competitive environment, "an in-market buyer would be the only reasonably available candidate willing and able to acquire and operate the station." Thus, the fourth prong of the failing station test is satisfied, because no reasonable out-of-market buyer would express interest in acquiring KSCW-DT.

Gray respectfully submits that the public interest would be served by reauthorizing the waiver granted in 2007 in order to allow continued common ownership of KSCW-DT and KWCH-DT. In adopting the failing station exception to the Duopoly Rule, the Commission stated

that allowing failing stations to combine with a stronger station would “pose minimal harm to our diversity and competition goals, since their financial situation typically hampers their ability to be a viable ‘voice’ in the market.”⁴⁶ That clearly has been demonstrated here as KSCW-DT is continuing to strengthen its “voice” in the market. Its combination with KWCH-DT has made available new financial, operational, and programming resources that have allowed service improvements – even though, because of ever-increasing competition, those improvements have not produced significant viewing gains or reversed the station’s historical negative financial performance.

In light of the demonstrable benefits of common ownership, and given that KSCW-DT remains a “failing” station under the Commission’s rules, the public interest would be served by reauthorization of the station’s existing waiver of the duopoly rule.

⁴⁶

Id. at 12938-39.

Exhibits

Letter	Market(s)	Description
A	Springfield, Wichita, and Augusta	Schurz Communications, NAB, and Entravision Communications Ex Parte Letter
B1	Wichita	2000 Letter Granting Satellite Status
B2	Wichita	Engineering Exhibit: Satellite Station Contours
B3	Wichita	Broker Letter for Wichita Satellite Stations
C1	North Platte	Engineering Exhibit: Satellite Station Contour
C2	North Platte	Broker Letter for North Platte Satellite Station
D	Wichita	Broker Letter for Failing Station

Exhibit A

GOODMAN

Law Offices of Jack N. Goodman

jack@jackngoodman.com

202-776-2045

202-251-7507

Fax: 202-776-2222

FILED THROUGH ECFS

February 26, 2014

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: MB Docket No. 04-256; MB Docket No. 09-182; MB Docket No. 10-71

Dear Ms. Dortch:

On February 24, 2014, Marcia K. Burdick, Joan M. Barrett and Brian McDonough, of Schurz Communications, Inc.; Rolo Duarte of Entravision Communications Corporation; Jane Mago (with respect to the meeting with Clint Odom) and Erin Dozier (with respect to all other meetings) of the National Association of Broadcasters; and the undersigned met with Commissioner Ajit Pai and Matthew Berry of his office; Commissioner Michael O'Rielly and Courtney Reinhard of his office; Adonis Hoffman and Stefanie Frank of Commissioner Clyburn's office; Clint Odom of Commissioner Rosenworcel's office; and William Lake, Barbara Kreisman, David Brown, Hillary DeNigro, Sarah Whitesell and Benjamin Arden of the Media Bureau concerning issues relating to the above-referenced proceedings, and their impact on future television service in small and medium markets.

We discussed Schurz' experiences in three television markets, including one in which it has a relationship with an Entravision station. We discussed reasons why the FCC should not change its policies with respect to joint sales and shared services agreement. We pointed out deficiencies in a recent *ex parte* filing by the Department of Justice, and we explained that cable complaints about joint negotiation of retransmission consent agreements were unjustified.

The Impact of JSA/SSA Agreements in Three TV Markets

We discussed the three markets in which television stations licensed to subsidiaries of Schurz Communications, Inc. own, provide services to, or obtain services from another station in the same television market, and the benefits those arrangements have made possible for viewers and advertisers in those markets.

In Springfield, Missouri, Schurz-owned station KYTV in 2006 entered into agreements with Perkin Media, LLC, owned by a local advertising executive and former broadcaster, that enabled Perkin Media to acquire KSPR-TV. Those agreements were reviewed and approved by the Media Bureau in connection with the assignment of the KSPR-TV license to Perkin Media. Prior to its acquisition by Perkin Media, KSPR-TV had gone through a series of owners; it provided limited news programming and the news programming it provided was a distant fourth in viewership. Its physical facilities were outdated; its news-gathering resources were so limited that it could not cover stories outside of the immediate Springfield area (although the DMA covers most of Southwestern Missouri and extends into Arkansas). KSPR-TV's digital transmitter was a 15-watt (not kilowatt) transmitter mounted on the studio roof.

Since 2007, KSPR-TV moved into brand-new facilities that were added on to KYTV's existing building. It constructed a megawatt digital transmitter. Schurz has made over 11 million dollars in capital improvements to KSPR-TV. KYTV and KSPR-TV have two separate newsrooms with separate news directors for each station. KSPR-TV had the first local news broadcast in HD in the Springfield market. While the stations collaborate on coverage of routine or "daybook" events, they do separate enterprise and investigative reporting. KSPR-TV recently was awarded the prestigious Edward R. Murrow award for the best newscast by a station in markets outside the top 50. Rather than being a distant fourth, the station's news programming now is frequently the second-most watched in the market. KSPR-TV's access to additional resources has also enabled it to improve its syndicated programming and to engage in many new public service activities. Schurz also noted that KSPR-TV's captioning efforts – which include using Electronic Newsroom Technique captioning for both weather and sports portions of newscasts – were the basis of the best practices template adopted by the Commission last week.

In the Wichita, Kansas market, Schurz-owned KWCH-DT in 2007 acquired KSCW, a CW affiliate pursuant to a failing station waiver. Under its prior ownership, KSCW produced no local programming, had no news and broadcast no weather information. The efficiencies enabled by its common ownership with KWCH-DT now make it possible for the station to broadcast more than 24 hours of locally-produced programming each week, 21 ½ of which are produced by the station, including local news programming that is separate and distinct from the news programming on KWCH-DT, and several community affairs and local sports programs. The station upgraded its transmission facilities and constructed a digital replacement translator to ensure over-the-air access to its signal across the Wichita area. Before KSCW was acquired by Schurz, it had no HD capability; both network and local programs are now transmitted in HD.

In 2009, KWCH-DT entered into JSA/SSA agreements with Entravision, which had a construction permit, acquired at auction, for a new station in Derby, Kansas. KWCH-DT was able to provide Entravision with access to a tower and an existing digital transmitter, speeding up Entravision's ability to place its station on the air. Through its local advertising sale efforts on behalf of KDCU-DT – the Entravision station – KWCH-DT developed a local market for Spanish-language advertising, and has produced more than 300 Spanish-language spots for broadcast on KDCU-DT. As part of the services provided to KDCU-DT, KWCH-DT produces a weekday Spanish-language hour-long news program broadcast in HD, providing coverage of local news. Two and a half full-time employees are assigned to gather news and produce that

program, building on the resources of KWCH-DT's other newsgathering capabilities. KWCH-DT also provides weather programming in Spanish, which is particularly important since Wichita is located in "tornado alley." Through the resources provided by KWCH-DT, KDCU-DT broadcasts weather, emergency and community activity closing "crawls" in Spanish. KDCU-DT is the only station in Kansas providing news and other crucial information to viewers in Spanish, delivering a unique service to a growing Latino population.

Mr. Duarte, on behalf of Entravision, contrasted the services provided as a result of the JSA/SSA with KWCH-DT with Spanish-language stations in other markets that do not have similar access to timely news, weather and emergency information. He recalled an incident in Raleigh, North Carolina where a Latino family perished when a tornado hit a trailer park because they were unable to understand warnings on local television stations that were broadcast in English.

In Augusta, Georgia, Schurz acquired a bankrupt station in 1980 and the next year put it on the air as an NBC affiliate competing with two historically strong stations. That station – WAGT – introduced a full news schedule in 1997 and incurred substantial losses every year thereafter, despite significant investment in improved news programming. In 2009, faced with continuing losses and the impact of the recession, WAGT entered into JSA/SSA agreements with Media General. Both WAGT and Media General's station have since moved into a new state-of-the-art facility. The stations maintain separate news staffs. WAGT's employee count and ratings have grown as a result of the efficiencies created by sharing services with Media General.

The Commission Should Not Make JSAs Attributable

We pointed out that the proposal to prohibit only broadcasters from entering into joint sales agreements with another local station would result in asymmetrical regulation. Cable operators in a market are free to sell advertising jointly and set common rates, even if the cable systems involved compete directly with each other. A cable operator – even one that is as large a presence in the local video advertising market as a top-rated local broadcaster – is permitted to purchase one of its television station competitors, while a local broadcaster is barred in most medium and small markets from ownership or other efficiency-enhancing agreements with another television station. There is no justification for tying the hands of one competitor while imposing no similar regulation on another.

We were asked about whether the public benefits created in the three markets we described were common. We indicated that we believed that many other broadcasters could point to public interest benefits that were made possible by the efficiencies of combining operations or sharing services. We then were asked if these benefits could continue if joint sales agreements were prohibited. The answer was no.

First, the cost of a stand-alone sales operation would have to be undertaken by stations that now participate in joint sales agreements. Those costs would reduce the funds available for news and other public service programming. Second, without the potential for sharing in sales revenue, the price of the services provided under shared services agreements would have to reflect their full

cost, and for stations like Entravision's startup KDCU-DT, those costs would not be sustainable, particularly in markets where the size of Latino population remains limited.

We also noted that many of these agreements and the acquisition of television stations by new entrants such as Perkin Media were facilitated by the service providing station helping the new licensee to obtain access to bank financing and by guaranteeing the licensee's financing. Without the JSA and the assurance of a revenue stream sufficient to meet the station's financial obligations, service providing stations may not be willing or able, consistent with their fiduciary duties, to guarantee a licensee's loan. In that situation, either the new licensee might be unable to enter into broadcast ownership at all or its cost of capital would increase, also reducing the funds available for service to the public.

Mr. Duarte also made clear that, the JSA was an essential part of its agreement with KWCH-DT in Wichita. Without that agreement, KDCU-DT would not have been able to offer a Spanish-language local news program; its entry into broadcasting would have been delayed, as it developed a station facility on its own and on a more limited basis; and it would not have been as successful in convincing local advertisers of the benefits of reaching the Latino market.

Without the agreement with Media General, Ms. Burdick pointed out that the only viable alternative for WAGT would be to eliminate most, if not all, news programming. Similarly, without access to the resources provided by its agreement with KYTV, KSPR-TV will likely return to its previous limited scope, limited quality news programming.

The Commission Should Consider Other Options

We were also asked whether the Commission's established waivers for failed or failing stations could be used to enable the same public interest benefits. We pointed out that the failed station waiver is limited to involuntary bankruptcies, which do not occur in practice, and in fact no failed station waiver has ever been granted. While the failing station waiver had sometimes been helpful (and in fact had been used in the acquisition of KSCW in Wichita), in most small markets, the failing station waiver was not practically available since there were few stations in those markets that are not affiliates of the major networks, and those stations obtain viewing levels solely through network programming higher than the waiver standard permits. Further, the requirement of negative cash flow for three years is often impossible to show since lending agreements common in the broadcasting industry make negative cash flow an event of default, forcing stations to reduce services and other costs to avoid default.

We were further asked whether expanded waiver criteria that reflected actual conditions in medium and small markets and which would permit stations to demonstrate the public interest benefits of joint sales and shared services agreements should be considered by the Commission either as an alternative to changing its attribution standards or as part of grandfathering existing station agreements. NAB pointed out that it had supported expansion of the failing station waiver criteria, and Schurz indicated support as well.

The Commission Should Give Little Weight to the Department of Justice *Ex Parte*

We were asked about a recent *ex parte* submission by the Antitrust Division of the Department of Justice.¹ We made several points concerning the *DoJ Ex Parte*:

- First, the Justice Department’s conclusion that advertising on local television broadcast stations constitutes a unique product market was apparently lifted intact from a 1997 filing and does not reflect changes in the television marketplace in the last 17 years. In almost every television market, all or virtually all local multichannel video programming distributors participate in a joint sales arrangement under which advertising availabilities on their systems are sold together, even by MVPDs that serve the same geographic areas. Local cable and other MVPD advertising is now a significant competitor to local television station ads.² Further, other local advertising media – such as websites and search engines – which did not exist in 1997, now compete strongly with local television advertising. Thus, a core premise of the Justice Department’s submission is simply out of date.
- Second, the *DoJ Ex Parte* admits that the Antitrust Division has examined “numerous” other broadcaster transactions “that did not result in an enforcement action,”³ apparently because the Antitrust Division concluded that the agreements between stations in those “numerous” other situations were not anti-competitive. The Department notes correctly that agreements among same-market stations “may not harm competition.”⁴ Agreements, even agreements among competitors, the Department acknowledges, are permissible “where the joint activity is reasonably necessary to achieve efficiency-enhancing integration.”⁵ Thus, these agreements are examined by the Department on a case-by-case basis.
- The public interest benefits Schurz and Entravision described as resulting from the joint sales and shared services agreements in Springfield, Wichita and Augusta are precisely the kind of “efficiency-enhancing” activities that the antitrust laws permit since their effect is to increase, rather than harm, competition.⁶ Thus, applying the principles set

¹ *Ex Parte* Submission of the United States Department of Justice, MB Docket Nos. 04-256, 07-294, 09-182 (filed Feb. 20, 2014)(the *DoJ Ex Parte*).

² In fact, because cable systems may be able to provide messages to limited geographic areas, cable has distinct competitive advantages in selling advertising.

³ *DoJ Ex Parte* at 10 n.15.

⁴ *Id.* at 12.

⁵ *Id.* at 14.

⁶ To that end, Schurz provided several offices with copies of letters from advertising agencies in Springfield, Missouri attesting that the agreements with KSPR resulted in a better advertising vehicle for their clients, thus increasing competition. Copies of those letters are attached.

forth in the *DoJ Ex Parte* would lead the Commission to reaffirm, rather than require breakup of agreements that both provide demonstrable public interest benefits and increase competition in local television markets.

- Third, because the Department stressed the importance of case-by-case analysis, we expressed surprise that its recommendation – automatic attribution of any television joint sales agreement – was inconsistent with and not supported by its rationale. Such a bright-line test – ignoring the identity of the stations involved in any agreement and failing to account for increases in competition or of service to the public – is at odds with how Department of Justice itself handles agreements among television stations. Its recommendation, therefore, should carry little weight.

Relationship to the Commission's Ownership Rules

In response to questions about whether JSA/SSA agreements were consistent with the Commission's ownership rules, we stated that the key elements of the Media Bureau's many decisions approving such arrangements were firmly based on decisions – often longstanding decisions – of the full Commission, and thus were not the “frolic and detour” that some advocates have sought to characterize the Bureau's carefully reasoned decisions. But, even if these arrangements were not contemplated by the Commission's ownership rules when they were adopted, we pointed out that, for stations in small and medium markets, those rules were exactly the same today as they were when they were first adopted in 1974, and that market conditions for television stations in those markets are unrecognizably different from the market conditions the FCC considered then. And we pointed out that the Commission has a long history of providing “elbow room” when market conditions have changed, such as its approval of radio local marketing agreements before Congress and the FCC revised the radio ownership rules, and the Commission's development of forbearance proceedings for common carriers, providing relief from even *statutory* obligations when market conditions had changed.

Retransmission Consent

We were asked about the impact of these agreements on retransmission consent negotiations. Schurz reiterated that, whenever a cable system or other MVPD objected to its participation in retransmission consent negotiations for a station for which Schurz provided services, Schurz would immediately ask the licensee to negotiate its own agreement independent of the Schurz station. In one instance where that had occurred, however, the cable system (which has been among the cable entities complaining loudly about joint negotiations) three years later *requested* the Schurz station to negotiate one agreement for both stations.

In that connection, we discussed a recent *ex parte* letter submitted by Cable America Missouri LLC.⁷ A previous *ex parte* letter from Cable America Missouri was the sole data source on which cable and other entities complaining about retransmission consent have based their

⁷ Letter from Christopher A. Dyek to Marlene H. Dortch, MB Docket No. 10-71; MB Docket No. 09-182 (filed Feb. 20, 2014).

contention that joint negotiation of retransmission consent agreements results in higher retransmission fees. As NAB previously pointed out, however, the Cable America “study” was defective since it included must carry stations – carried for no payment – in the denominator of its calculations.⁸ Cable America last week belatedly admitted that NAB was correct and that the percentage increase it claimed was more than double the difference it found when it omitted the must carry stations. It further conceded that the differential between the amounts it currently pays stations that negotiated retransmission fees together were even less -- only about half of the differential even its revised calculations showed in 2010, a difference that could be explained by many factors other than joint negotiations.

Schurz pointed out that the Cable America Missouri systems at issue are in the Springfield television market and carry both KYTV and KSPR-TV. Mr. McDonough stated that, in his experience negotiating retransmission consent agreements with Cable America Missouri, the cable operator had never objected to negotiations for an agreement that would cover both Schurz’ KYTV and Perkin Media’s KSPR-TV, or requested separate negotiations, a request that would have been granted had it been made.⁹ If Cable America Missouri believed that it was harmed by negotiating for both stations together – rather than perhaps benefitting from transactional efficiencies – its failure to even raise that issue casts doubt upon the validity of its complaint, which again is the only data supporting cable claims of increased retransmission consent fees resulting from JSA/SSA agreements among stations.

Finally, we discussed the fact that, if the FCC requires these arrangements to be dismantled, there would be substantial, and perhaps devastating, breakup costs incurred by both parties. The station now receiving services would have to create infrastructure and obtain services elsewhere that it needs to operate; the service provider station would have to shoulder the costs of infrastructure it created to serve two stations with revenues from only one. The inevitable result would be loss of service to the public.

In conclusion, we submitted that the agreements between Schurz-owned stations and other stations in their markets resulted in demonstrable and significant public interest benefits that could not be achieved otherwise and that would be jeopardized if these agreements had to be terminated or restructured. If the Commission believes that agreements among local television stations need additional scrutiny, it should do only in connection with the long-delayed reexamination of its local television ownership rules, and the Commission should only act where agreements among stations have harmed, not benefitted, the public interest.

We supplied each office with documents describing the benefits that viewers in Springfield and Wichita had obtained, and with short videos demonstrating those benefits. Those documents are

⁸ Supplemental Comments of the National Association of Broadcasters, MB Docket No. 10-71 (filed May 29, 2013) at 3-4.

⁹ Another factor possibly affecting the retransmission consent rates Cable America Missouri pays is that KYTV also operates a low-power station in Springfield which is the CW affiliate. Cable America does not explain how carriage of the CW signal may have affected its negotiations.

Ms. Marlene H. Dortch

February 26, 2014

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attached. The videos can be viewed at <http://www.youtube.be/iGpMGKdw8g4> and <http://www.youtube.be/k2EU1mJ1ONs>.

Respectfully submitted,

/s/ Jack N. Goodman

Jack N. Goodman

Counsel for Schurz Communications, Inc.

Attachments

cc (by electronic mail):

Commissioner Ajit Pai
Commissioner Michael O'Reilly
William Lake
Barbara Kreisman
Matthew Berry
Courtney Reinhard
Adonis Hoffman
Clint Odom
David Brown
Hilary DeNigro
Sarah Whitesell
Benjamin Arden



Perkin Media and KY3, Inc.

**A JSA/SSA That Benefits the People of the Ozarks
World-Class Journalism in Two Separate Newsrooms**

- KSPR (JSA/SSA station) won the 2013 National Edward R. Murrow best newscast in markets 50+.
- KSPR is a separate newsroom with separate editorial controls and employees 30 people.
- KY3 won a 2013 Regional Emmy and the 2013 Missouri Broadcast Association for best newscast.
- KY3 is the top-rated NBC affiliate in the top 100 markets.
- KY3 news has 46 employees.
- By the end of 2014, 20 employees will have been added in 3 years.
- Collectively KY3, Inc. and Perkin Media employee 191 people in the Ozarks.
- KSPR struggled throughout its entire existence. In 2006, KSPR was failing by almost any measure; inadequate analog facilities, a lack of capital to finance the digital conversion, poorly rated newscasts, weak syndicated programming and little Public Service.
- Schurz Communications, parent company of KY3, Inc., has invested \$11.8 million to upgrade the KSPR operation.
- KSPR was the first fully functional HD station in the Springfield market.
- KSPR added 9 employees and 12 newscasts since 2006.
- KY3 added weekend morning newscasts.
- 14 hours of news was added weekly to the Ozarks CW (a low power station).
- There are 9 separate station-branded websites and 5 apps. These produced nearly 210 million page views in 2013.
- The joint operations employs 17 people in digital content and sales.
- In 2013, KSPR donated a total of 25,630 public service announcements with a value of \$2,178,550.
- In 2013, KY3 and the Ozarks CW donated 63,430 public service announcements worth \$5,477,076.
- KSPR and KY3 have negotiated retransmission consent separately, when requested. This has happened once with Mediacom. When asked in 2012 at renewal if they wanted to opt again for separate negotiations, Mediacom declined, citing the "efficiency" of dual negotiation.
- KSPR sales people have greatly benefited from the expertise and training by the KY3 managers.
- Success in sales has allowed Perkin Media to be more competitive with syndicated programming.
- The partnership allows everyone in the market to receive the CW in HD on 33.2
- The partnership allows KY3 to broadcast their 24/7 Weather Channel on 3.2.
- If broken up, Perkin Media could expect to spend \$15-20 million in capital asset acquisition and if it maintained current services, \$7.9 million in operating expenses. At current revenue this would yield approximately \$200,000 in profit.
- KSPR would quickly regress towards its former self.



Perkin Media and KY3, Inc.

A JSA/SSA that benefits the people of the Ozarks.
World-Class Journalism in two separate newsrooms.

Partnership History

KSPR launched television operations in March 1983 and despite several quality owners like Lorimar/Telepictures and Davis Goldfarb it had an extremely difficult time competing against KY3, one of the top-rated and most dominant NBC's in the country and a solid CBS in KOLR. In 2006, KSPR decided to sell. It was in trouble and was facing the very expensive upgrade to digital television.

That same year Perkin Media purchased KSPR with the help of KY3, Inc. KY3's parent company, Schurz Communications committed over \$10 million on the acquisition of the aging KSPR infrastructure and guaranteed a loan by Perkin Media for the other \$10 million. Since acquisition, Schurz has committed another \$11.8 million to improving KSPR's equipment and signal. This includes: a new digital antenna and transmitter, new studio and office space, HD field and HD studio equipment, complete new digital plant and a dramatic upgrade in microwave and satellite news gathering capability.

These investments were supportable due to the ability to reduce redundant costs and expand sales with an experienced staff.



Partnership History



If KSPR was sold by itself in 2006, it very likely would have failed completely or, at the very least, provided little or no return on the purchaser's \$25-30 million investment after eight years.

Under our JSA/SSA KSPR has grown and thrived. While Perkin has worked to improve syndicated programming, KY3 has used its expertise to invest in and grow the KSPR news product. The partnership erased years of uncertainty in many viewer's and advertiser's minds. Together we have made KSPR a viable business operation that reinvests in people and equipment to create world class journalism.

Partnership History

Schurz Communications is a privately-held, family owned business in its 5th generation business. One of Schurz' core values is to invest in and grow its businesses into the next generation. They reinvest much of the profit that other companies would take for themselves into their communities, their operations and into their employees.

If we are forced to unwind our current JSA/SSA, the people and businesses of the Ozarks will lose. So will the employees of KY3 and KSPR. KSPR will once again become a marginal television with little hope of financial success.



What Happens If We Dissolve Our Partnership?

- Perkin Media should expect to spend a minimum of \$15-\$20 million in capital and a \$7.9 million in operating expenses each year to have a functioning television station. Under current revenue models and ratings this would produce about a 3% margin or \$200,000 in OCF.
- With these margins, KSPR would need to reverse their course and staff size. We are afraid it would quickly regress to its former self.
- If the JSA/SSA is broken up, Schurz stands to lose a substantial portion of its \$20 million investment in KSPR and quite possibly be responsible for the \$5 million remaining on the Perkin note. Schurz moved forward on this transaction based on FCC initial grant approval (final grant is still in limbo after 6 years). Schurz believes the public policy benefits of a JSA/SSA have been dramatically demonstrated in Springfield and it should not be forced to unwind.

We Do Things Differently: News

Unlike many, we operate two separate news operations. The KSPR news team, with separate news management, makes all of its own editorial decisions and employs 30 people (9 more than the time of acquisition). At the time of acquisition, KSPR was a distant #4 in news. It is now fighting for #2 and in 2013, KSPR won the prestigious National Edward R. Murrow Award for best television newscast in markets 50+.

The KY3 and KSPR newsrooms are encouraged to collaborate and not duplicate efforts on run-of-the-mill stories like news conferences or local sporting events. They are encouraged to compete on enterprise and investigative journalism.



We Do Things Differently: News

What we have accomplished is two world class news organizations in the same building. Collectively our two newsrooms have won the following awards this past year:

The National Edward R. Murrow Award for Best Newscast - KSPR

Two Regional Edward R. Murrow Awards – KY3 (1) & KSPR (1)

Three Regional Emmy Awards - KY3 (2) & KSPR (1)

21 Missouri Broadcast Association Awards - KY3 (10) & KSPR (11)

28 KC Press Club Awards - KY3 (4) & KSPR (24)

KC Press Club Station of the Year – KSPR

MBA Best Website – Ozarks Sports Zone - KY3 & KSPR



We Do Things Differently: News

Prior to our JSA/ SSA KSPR's news coverage was Springfield centric, which represents around 16% of the DMA. It lacked people and equipment to cover the region. The JSA/SSA has allowed the purchase of nearly \$1 million in new SNG and ENG capabilities for KSPR. 10 people have been added to the news staff. Now the station regularly covers all areas inside the DMA.

Added: 12 additional newscasts per week on KSPR, 14 additional newscasts on KY3 and KCZ (CW).

Investments: Digital and Mobile solutions have been added for all content. 17 people are working on and selling nine websites and five apps. In 2013 these sites and apps attained 210,000,000 page views.

Expanded weather services: Not only is weather on all KY3 and KSPR platforms, weather services are provided to outside media including Midwest Family Radio stations, Community Newspapers and Clear Channel radio stations.



We Do Things Differently:

Sales

The KSPR sales team is separate from the KY3 team, but both share a joint management team. This has also greatly enhanced KSPR's ability to compete. KY3 has long been the market revenue leader with KSPR fighting for third or fourth place.

The sales staff has benefited from the expertise of the KY3 management staff including receiving extensive and on-going sales training, packaging, client management expertise, inventory management and creative concepts.



Programming

Our success in sales and news growth has allowed Perkin Media to be more competitive in the procurement of better syndicated programming on KSPR.

Viewers receive HD programming, news and commercials on all of our stations KSPR, KY3 and K15CZ.

The partnership allowed us to broadcast KCZ The Ozarks CW in HD to the whole market versus an analog low power that marginally covered the city of Springfield. This also allowed KY3 to launch an hour long 7:00AM weekday newscast and an hour long 9:00PM news each night on the CW. It also allowed KY3 to continue broadcasting its 24/7 Weather Channel to our entire DMA on 3.2.



Who Benefits From Our JSA/SSA: **Our Community**

Our other stations are equally committed to public service and donated the following airtime in 2013:



- KYTV donated 18,116 thirty-second units to public service with a value of **\$4,981,900**
- KY3 24/7 donated 34,668 thirty-second units to public service with a value of **\$69,336**
- K15CZ donated 10,646 thirty-second units to public service with a value of **\$425,840**

Who Benefits From Our JSA/SSA: Employees

Our JSA/SSA has given our co-workers greater chances for advancement. In the past 2 years we have had 40 internal promotions across the entire operation. We are committed to training and cross-training our employees. Last year we documented over 66 training opportunities.

We have hired 20 additional people to our operation since the beginning of the economic recovery. We also have made a commitment to improve wages throughout the operation. On at least three occasions we have given substantial wage increases to large groups of people inside the building to improve their standard of living.

Schurz has a very substantial employee benefit package, one that would far out perform those that could be offered by a struggling broadcaster.



Who Benefits From Our JSA/SSA: Local Businesses



News and ratings growth, investment in programming and in digital assets have given our advertisers many more affordable ways to reach prospective customers.

Our JSA has also allowed us to substantially increase our commitment to helping advertisers create compelling creative. We have increased our commercial production team from two people to five people and we have been able to invest in quality equipment and training for them.





Core Values Statement

We constantly strive to improve to meet the needs and wants of readers, listeners, viewers, users, and advertisers. We believe that talented and dedicated employees have made the company successful in the past and are the hope of the future. We are committed to providing an environment that gives our employees the opportunity to achieve their potential.

Our company's strength mirrors the strength of our communities. We support our local communities as a good corporate citizen and encourage active involvement. We are committed to excellence in all that we do. We hold each other accountable for using our best efforts to achieve success.

We believe in acting for the benefit of the entire organization and delegating decision making authority to the appropriate level. We believe strong local leaders empower our operations and people to nimbly and successfully serve our customers and communities.

Our goal is to be the leader in news and information in our markets. We believe that financial profitability provides the resources necessary for the company's long-term health and growth. We set operating and financial expectations through the budgeting process. We will help each other and hold each other mutually accountable to meet those goals.

We value our reputation for honesty and fairness. Our credibility and integrity will never be sacrificed to achieve other objectives. We are stewards of this company. Earlier generations started it, grew it and gave it to us to grow. We reinvest for the future and will pass it along to successive generations.



flood media group

02/17/2014

Brian McDonough
KY3 inc.
999 W. Sunshine
Springfield, MO 65807

Hello Brian,

I want to congratulate you and your team on the growth success of KSPR TV.

Having evaluated and bought this market for twenty years, I have seen this local ABC affiliate go through many changes.

Previous owners did not have the commitment and direction in place to market the station as a true viewing destination for the Springfield, MO market.

While under your management, the station has created a consistency in audience delivery for my clients.

This letter in no way is meant to encourage higher rates. By keeping the rates competitive and the ratings strong, you have created a great television station.

Thanks for your help in keeping television the number one media for our clients.

Respectfully,

Teresa Flood
Flood Media Group



4319 S. National, #219 • Springfield, MO 65810
Main and Fax: 417-882-8998

2/17/14

To whom it may concern,

I have owned an advertising agency in Springfield, MO since 1991, and witnessed numerous broadcast media ownership changes in that time. In almost every case a combining of stations into a group has been beneficial to the management and performance of the media outlets. Viewers and listeners benefit with better quality, and variety, of programming.

In many cases, a previous independently-owned TV or radio station enjoys a rapid improvement in ratings as an enhancement in local news coverage occurs with an influx of operating capital by the new ownership group. An example would be with Springfield, MO broadcast stations KSPR and KCZ. Both stations languished under their former ownership, but saw an almost immediate improvement in ratings for their news programming when under the management of Schurz Communications.

Schurz's commitment to local public affairs activities and PSA's has endeared the stations to the local community, and given a voice to many non-profit efforts. One that I can speak of personally is Cents of Pride (www.centsofprideschools.org), whose board I served on as president for three years. KY3 Inc. ran PSA's (featuring their well-known news personalities) for a fund-raising effort that resulted in donations topping \$12,000 for the non-profit which serves Title 1 schools in southwest Missouri. In 23 years in business I have never personally witnessed a similar commitment by a locally owned, independent broadcaster.

Respectfully,

David M. Taylor
President, Taylor Communications, Inc.



JOAN M. BARRETT

President/General Manager

Date: February 19, 2014

Sunflower (SBI) purchased KSCW from Banks Broadcasting in July of 2007 under a failing station waiver:

- Banks operated the station from 1999 to July of 2007, only one year showed a profit of \$184,000. One year, losses exceeded \$1m.
- SBI has operated the station profitably since assuming ownership.
- KSCW launched as a WB affiliate and after the WB folded, became and remains a CW network affiliate.
- In February, May and November sweeps periods in 2006 the highest rated regularly scheduled programs on KSCW had a 1 rating/3 share.
- In November 2013, KSCW had nine regularly scheduled programs with at least a 2.5 rating and a 3.0 share or higher. Of those nine programs, four were locally produced newscasts.
- At the time of purchase, Banks had 21 FTE, 2 PTE; currently SBI has 6 FTE, 1 PTE and 6 news staff allocated to KSCW.
- SBI hired 1 full-time and 1 part-time employees to represent the station at many community events, they are known as the “KSCW Crew.”
- Prior to SBI ownership, there was one locally produced show on KSCW that ran in late night weekly called “Heavy Pork.” (It was not produced by the station.)
- Currently, KSCW airs 24.5 hours of local programming each week, with 21.5 hours produced by SBI:
 - 7-9 AM news, Monday through Friday
 - 4-4:30 PM news, Monday through Friday
 - 9-9:30 PM news, Monday through Friday
 - 7-9 AM news, Sunday
 - High School sports show, 11 PM on Friday
 - 30-Minute locally produced show, “It’s all good with Sierra Scott”, 7:30 PM Sunday
 - Launched last fall, “The Brett & Sierra Show” a 30-minute program highlighting local events and businesses
 - Locally produced “Weekend Crew” show with the KSCW Crew, airs weekly
 - Regionally produced M-F morning show, “Ag AM in Kansas”
- The management and staff support has enabled the station to have representation at more community events and on local boards.
- KSCW has a full-power transmitter and is fully HD. We also installed a LPTV in 2012 to enhance the coverage area in the Wichita Metro.
- Utilizing the Schurz crawl system, viewers are now notified of school closings and emergency weather information on KSCW.
- Schurz offers free air time to state and federal candidates on KSCW (in addition to KWCH)



JOAN M. BARRETT

President/General Manager

Date: February 19, 2014

Sunflower (SBI) entered into a SSA/JSA with Entravision to operate KDCU in August, 2009:

- KDCU went on the air four months early due to the support from SBI in August of 2009.
- KDCU was able to transition to HD with support from SBI in May of 2012.
- The joint venture cut the initial startup costs for the first year of operation by about 50%.
- At this point, KDCU is still not a profitable operation for Entravision
- The SBI news support enabled the launch of local news years ahead of plan, saving about 50% in startup costs.
- The Monday-Friday late local news, "Noticias a las Dies" is the only Spanish newscast in the state of Kansas, launched April of 2011.
- Utilizing the Schurz crawl system, viewers are now notified of school closings and emergency weather in Spanish.
- By leveraging the resources of KWCH news and its strong political coverage, there is now a way to disseminate this information to the Spanish speaking audience in Noticias.
- More than 300 commercials were produced in Spanish in 2012, helping local consumers and businesses.
- KDCU has six full –time employees and three part-time employees.
- The SBI management and staff support has enabled more participation and representation in the community both on boards, community events, and sponsorships.
 - Participation in the Hispanic Chamber of Commerce
 - Participation in the Ks Hispanic Education and Development Foundation Training
 - Board Member of the Ks Hispanic Education and Development Foundation
 - Board Member in the Education and Development foundation Training
 - The KDCU Crew Staff member represented KDCU at many local events
 - Involved in the formation of the Kansas Hispanic Leadership Network
 - Working to help initiate a Hispanic journalism organization in the area
 - Creation of a "Top of the Class" for top high school seniors

Exhibit B1

Federal Communications Commission
Washington, D.C. 20554

MAR 22 2000

John R. Feore, Jr., Esq.
Nina Shafran, Esq.
Dow, Lohnes & Albertson, PLLC
1200 New Hampshire Avenue, N.W.
Suite 800
Washington, D.C. 20036

Applications for Transfer of Control of Spartan Communications, Inc.

WSPA-TV, Spartanburg, SC	BTCCT-19991217AAF	Fac. ID 66391
WNEG-TV, Toccoa GA	BTCCT-19991217AAG	Fac. ID 63329
WRBL(TV), Columbus, GA	BTCCT-19991217AAH	Fac. ID 3359
WBTW(TV), Florence, SC	BTCCT-19991217AAI	Fac. ID 66407
WKRG-TV, Mobile, AL	BTCCT-19991217AAJ	Fac. ID 73187
KWCH-TV, Hutchinson, KS	BTCCT-19991217AAK	Fac. ID 66413
KBSD-TV, Ensign, KS	BTCCT-19991217AAL	Fac. ID 66414
KBSH-TV, Hays, KS	BTCCT-19991217AAM	Fac. ID 66415
KBSL-TV, Goodland, KS	BTCCT-19991217AAN	Fac. ID 66416
WJBF(TV), Augusta, GA	BTCCT-19991217AAO	Fac. ID 27140
KIMT(TV), Mason City, IA	BTCCT-19991217AAP	Fac. ID 66402
WMBB(TV), Panama City, FL	BTCCT-19991217AAQ	Fac. ID 66398

Dear Counsel:

This is in reference to Media General Communications, Inc.'s ("Media General") applications to acquire control of Spartan Communications, Inc. ("SCI") and its wholly-owned subsidiary, Spartan Broadcasting Company ("Spartan"), licensee of the twelve above-captioned television stations. Media General also requests continuing satellite authority for four of the stations licensed to Spartan, currently operating under the satellite exemption to the Commission's television duopoly rule: WNEG-TV, Toccoa, Georgia, which operates as a satellite of WSPA-TV, Spartanburg, South Carolina; and KBSD-TV, Ensign, Kansas, KBSL-TV, Goodland, Kansas, and KBSH-TV, Hays, Kansas, which operate as satellites of KWCH-TV, Hutchinson, Kansas. See 47 C.F.R. § 73.3555, Note 5.

Pursuant to the Commission's television satellite policy, an applicant seeking to transfer or assign satellite stations must justify continued satellite status by demonstrating compliance with the following three criteria: (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. See *Television Satellite Stations*, 6 FCC Rcd 4212 (1991).

WNEG-TV

As to the first criterion, Media General has submitted an engineering study which demonstrates that there is no City Grade contour overlap between WSPA-TV and WNEG-TV.¹ Based on this showing, we find that Media General has satisfied the first criterion of the presumptive satellite standard. As to the second criterion, applicants may demonstrate that an area is underserved based on one of two tests. The first is a "transmission test," whereby a proposed satellite's community of license is considered underserved if there are two or fewer television stations already licensed to it. The second is a "reception test" that would allow a community of license to qualify as underserved if 25% or more of the area within the satellite station's Grade B contour—but outside the parent's area within the proposed satellite's Grade B contour—receives four or fewer services, not including the proposed satellite service. Media General asserts that Toccoa is underserved based on the transmission test, because WNEG-TV is the sole station licensed to the community and the only other channel allotted to Toccoa has long remained vacant. We find that Media General has demonstrated that WNEG-TV provides service to an underserved community, in satisfaction of the second prong of the presumption test.

Regarding the third criterion, an applicant must show that no alternative operator is ready and able to construct, or to purchase and operate, the proposed satellite as a full-service station. Media General emphasizes that only two years ago the Commission agreed that it was highly unlikely that Stephens County Broadcasting ("Stephens"), licensee of WNEG-TV prior to Spartan, could find a buyer who would operate WNEG-TV as a full-service station, and that the proposed satellite operation was in the public interest. *See Stephens County Broadcasting Co.*, 13 FCC Rcd 10094 (1997). The Commission found that WNEG-TV had suffered financial losses for years because the area it served, sparsely populated, rural counties, could not support a full service station. The Commission also noted Spartan's extensive but futile efforts to sell WNEG-TV, including the retention of three different brokerage firms to find a buyer over a five-year period. Accordingly, the Commission concluded that Stephens adequately demonstrated the unlikelihood of finding an alternative buyer willing and able to operate WNEG-TV as a full-service stand-alone facility.

Media General maintains that WNEG-TV would still be unable to compete for the advertising revenue necessary to provide local programming as a stand-alone station. Although WNEG-TV is considered a part of the Greenville-Spartanburg-Asheville-Anderson DMA, its Grade B signal only covers approximately 14.4% (or 106,230 out of 737,708) of the DMA television households in the market. In fact, WNEG-TV's Grade B contour does not cover Greenville, Asheville, or Spartanburg, the three largest cities in the DMA. Media General argues that because WNEG-TV does not even cover the three most economically significant cities in its own market, the station lacks the audience necessary to produce any meaningful national sales revenues. Therefore, while coverage of local news and other community activities is key to WNEG-TV's ability to sell advertising time, before becoming a satellite of WSPA-TV, it had to reduce significantly such programming due to the expense of producing it.

¹ Both WSPA-TV and WNEG-TV are assigned to the Greenville-Spartanburg, SC-Asheville, NC-Anderson, SC Designated Market Area.

Media General provides expert support for its request for a continuing satellite exemption in the form of an Economic Viability Study ("Study") from W. Lawrence Patrick, President of Patrick Communications, LLC, a media investment banking and brokerage company. In the study, Mr. Patrick states that WNEG-TV's market currently includes affiliates of each of the "Big Four" networks (ABC, CBS, NBC, and FOX) as well as UPN and WB affiliates. Thus, as an independent, stand-alone station, WNEG-TV would be foreclosed from any opportunity to affiliate with any of the six most economically viable television networks. Given its disadvantaged signal coverage in the Greenville-Spartanburg-Asheville-Anderson television market, Mr. Patrick states that WNEG-TV would have little hope of supporting itself through any of the other programming formats available to it (*i.e.*, PAX TV, religious or independent).

In addition, Mr. Patrick states that WNEG-TV could not likely support itself with Spanish-language programming provided by the Univision or Telemundo networks, because the Spanish-speaking population consists of only 1.1 percent of the market. Mr. Patrick concludes that WNEG-TV will never be able to function as a stand-alone station, because there are no viable programming options and the audience and revenue base are not sufficient to support the station. Notably, Mr. Patrick stated that Patrick Communications, in its capacity as a media brokerage firm, would decline to list WNEG-TV for sale as a stand-alone station.

Media General asserts that continued satellite authority will allow it to maintain local service and ensure over-the-air CBS service to thousands of residents of Toccoa and the surrounding rural communities. In further support of its satellite request, Media General provides a Declaration from John W. West, Executive Vice President of Spartan. Mr. West confirms that WNEG-TV's ability to meet its basic programming needs by rebroadcasting WSPA-TV's programming has enabled WNEG-TV to focus on improving both its local programming and presence in Toccoa, and the surrounding communities. According to Mr. West, WNEG-TV now has a greatly enhanced local newscast, which features locally oriented and produced news stories, sports coverage and weathercasts. Moreover, Spartan has expanded the station's local half-hour newscasts to include original 6:30 a.m., 6:00 p.m. and 11 p.m. broadcasts each weekday. WNEG-TV also produces a half-hour public affairs program that airs once a month.

Mr. West notes that, as promised, Spartan has maintained a local studio and management presence in Toccoa. Specifically, the station currently has a staff of 28 full-time employees (including its own general manager and news director) and 12 part-time employees all working from the WNEG-TV main studio site in Toccoa. Under Spartan's ownership, WNEG-TV's studio has been enhanced by the addition of new studio equipment, and a new interview set, news set, sports set and cooking demonstration set. Finally, Mr. West states that Spartan is making good on its promise to facilitate WNEG-TV's transition to digital television. It has already spent approximately \$700,000 in upgrading WNEG-TV's facilities for the transition to DTV. Like Spartan, Media General affirms its commitment to maintaining WNEG-TV's strong local presence in the Toccoa community. Following the merger, Media General states that it intends to retain the station's Toccoa studio and independent staff, and will continue Spartan's financial commitment to facilitate WNEG-TV's transition to digital television.

In addition to allowing WNEG-TV the financial flexibility to improve its local programming, Media General explains that the continued satellite relationship between WNEG-TV and WSPA-TV will also allow the station to maintain the syndicated programming and the news, information and entertainment programming of the CBS Television Network that is currently provided by WSPA-TV. Were it not for WNEG-TV's satellite relationship with WSPA-TV, 138,000 people living in an area encompassing 5,965 square kilometers located between the coverage areas of WGNX-TV, Atlanta, Georgia (the Atlanta CBS affiliate) and WSPA-TV would otherwise be unable to receive over-the-air CBS network service.

Finally, Media General argues that grant of satellite status to WNEG-TV is consistent with Commission precedent. In *Retlaw Broadcasting of Eugene, LLC*, 14 FCC Rcd 6667 (1999), the Commission approved the assignment of the licenses of a parent-satellite combination and granted continued satellite status authority after finding that: (1) the proposed assignee had shown that there was no City Grade overlap between the parent and the satellite; (2) the satellites were the only television stations in their respective communities, and; (3) the satellites were not capable of being operated as independent full-service stations. As in the instant case, the proposed assignee submitted a declaration from a media consultant stating that neither proposed satellite has a reasonable likelihood of finding an alternative operator willing and able to operate the satellite as a financially viable full-service, stand-alone facility.²

KBSH-TV, KBSL-TV and KBSD-TV

As to the first criterion, Media General has submitted an engineering study which demonstrates that there is no City Grade contour overlap between KWCH-TV and satellite stations KBSH-TV, Hays, Kansas, KBSL-TV, Goodland, Kansas, and KBSD-TV, Ensign, Kansas.³ Thus, we find that the first prong of the satellite exemption is satisfied. As to the second criterion, Media General asserts that its satellite proposal satisfies the transmission test because there are two or fewer full service stations licensed to each satellite station's community. Media General indicates that KBSD-TV and KBSL-TV are the only stations allotted to Ensign, Kansas, and Goodland, Kansas, respectively. In addition, only two television stations are assigned to Hays, Kansas, one of which is satellite station KBSH-TV. We find that Media General has demonstrated that KBSH-TV, KBSL-TV and KBSD-TV serve underserved communities.

With respect to the third criterion, Media General asserts that operating KBSH-TV, KBSL-TV and KBSD-TV as full-service independent stations in the Wichita-Hutchinson, Kansas, market is not feasible nor are the prospects for economic viability likely to improve. Media General emphasizes that the Commission has already agreed several times that the operation of KBSH-TV, KBSL-TV and KBSD-TV as satellite stations is in the public interest. The Commission has previously approved satellite exceptions to permit common ownership of these stations in 1982, 1988, 1989, 1992 and 1994.

² See also *Precht Communications, Inc.*, 13 FCC Rcd 8659 (1998), where the Commission, under an *ad hoc* analysis, permitted the continued satellite operation of a station having City Grade overlap with its parent station because the satellite station would have had to compete against ABC, CBS and NBC network affiliates as a stand-alone station with a disadvantaged signal that only covered a small part of the revenue market.

³ KWCH-TV and satellite stations KBSH-TV, KBSL-TV and KBSD-TV are all assigned to the Wichita-Hutchinson, Kansas DMA.

Media General argues that the totality of economic circumstances in the market demonstrates that Hays, Ensign and Goodland cannot support the operation of full-service stations. This market includes 64 counties (more than any other DMA in the US), representing approximately 70% of the area of Kansas. As indicated in the Economic Viability Study ("Study") prepared by W. Lawrence Patrick of the media brokerage and appraisal firm Patrick Communications, LLC, this sparsely populated and large geographic market is currently served by four primary full-service commercial television stations each licensed to either Wichita or Hutchinson and each affiliated with one of the major networks (ABC, NBC, CBS or Fox) (the "Network Affiliates"). Mr. Patrick explains that in such a vast geographic market, it is almost essential for the network affiliates to have satellite stations that allow them to reach portions of the DMA, which would otherwise go unserved.

Mr. Patrick indicates that each of the network affiliates provides over-the-air signal coverage to between 70% and 77% of the total television households in the DMA. Mr. Patrick notes, however, that each network affiliate has either 2 or 3 satellite stations in the market in order to supplement its signal coverage to the DMA. In comparison, Mr. Patrick states that the over-the-air signal coverage provided by KBSH-TV, KBSL-TV and KBSD-TV ranges from only 4.5% to 8.7% of the television households in the DMA. Mr. Patrick claims that even the two newest stations expected to begin broadcasting in the market, KWCV-TV, Wichita and KAWJ-TV, Hutchinson, are expected to provide over-the-air signal coverage to between 60% and 70% of the television households in the DMA. According to Mr. Patrick, KWCV-TV and KAWJ-TV will be affiliates of the WB and UPN networks, respectively, thereby foreclosing any opportunity for KBSD-TV, KBSH-TV or KBSL-TV to meet their programming needs through a direct affiliation with any of the "Big Four" networks or the two "netlets." Mr. Patrick concludes that the structure of this television market indicates that none of the individual satellite stations has the signal coverage necessary to operate as an economically viable stand-alone, full-service station.

Mr. Patrick contends that since the six most economically viable networks are already present or soon will be, the only remaining options, if the satellite stations were not satellites, would be to operate as religious, PAX-TV affiliates or independent stations. Mr. Patrick points out that Spanish language programming is not viable as a network option because the market has only a 4.5% Spanish-speaking population. Mr. Patrick explains that the remaining programming options (religious, PAX TV, independent) are also not viable given the limited number of households that would be served by KBSD-TV (8%), KBSH-TV (8.7%) and KBSL-TV (4.9%) as stand alone stations in the market. Significantly, Mr. Patrick states that Patrick Communications, in its capacity as a media brokerage firm, would decline to list the satellite stations for sale as stand-alone stations.

Media General argues that the economic conditions that have justified the common ownership of KBSH-TV (Hays), KBSL-TV (Goodland) and KBSD-TV (Ensign) as satellites of KWCH-TV continue to exist. Furthermore, the common ownership and operation of the four stations helps ensure the airing of programs serving the Hays, Ensign and Goodland communities. Finally, as discussed above, Media General argues that grant of satellite status to the KBSH-TV, KBSL-TV and KBSD-TV is consistent with Commission precedent

Based on the foregoing, we conclude that Media General has satisfied all three components of the satellite waiver presumption with respect to WNEG-TV, KBSH-TV, KBSL-TV and KBSD-TV. The improbability of operating these stations as financially viable, stand-alone, full-service television stations demonstrates the unlikelihood of locating an alternative buyer to operate the station on such basis. Given the limited coverage area of the satellite stations and the poor prospects for financial success, the only way the stations can survive are as satellites of full-service stations, such as WSPA-TV and KWCH-TV, which have the necessary financial and programming resources. Accordingly, we find that the continued operation of WNEG-TV, KBSH-TV, KBSL-TV and KBSD-TV as satellite stations would be in the public interest.

Conclusion

Having determined that the applicants are qualified in all respects, we conclude that grant of the twelve above-referenced applications would serve the public interest, convenience and necessity. Accordingly, the above-captioned applications for transfer of control ARE GRANTED.

In addition, the requests for operation of WNEG-TV, KBSD-TV, KBSH-TV and KBSL-TV pursuant to the satellite exemption of Note 5 to Section 73.3555, 47 C.F.R. § 73.3555, ARE GRANTED.

Sincerely,



Barbara A. Kreisman
Chief, Video Services Division
Mass Media Bureau

Exhibit B2



Chesapeake RF Consultants, LLC
Radiofrequency Consulting Engineers
Digital Television and Radio

Satellite Station Contours KWCH-DT Hutchinson, KS

prepared for
Gray Television Licensee, LLC

August, 2015

KBSL-DT
Ch. 10 Goodland, KS
BLC DT-20130318ADJ
43 dBu Principal Community Contour
Former Analog Facility
Ch. 10 BMLCT-20040826AAI
77 dBu Principal Community Contour

KBSH-DT
Ch. 7 Hays, KS
BLC DT-20090715AHL
43 dBu Principal Community Contour
Former Analog Facility
Ch. 7 BLCT-20051222AES
77 dBu Principal Community Contour

KWCH-DT
Ch. 19 Hutchinson, KS
BLC DT-20090929ACC
48 dBu Principal Community Contour
Former Analog Facility
Ch. 12 BMLCT-20040826AAF
77 dBu Principal Community Contour

KBSD-DT
Ch. 6 Ensign, KS
BLC DT-20090717AAS
35 dBu Principal Community Contour
Former Analog Facility
Ch. 6 BMLCT-20040826AAG
74 dBu Principal Community Contour

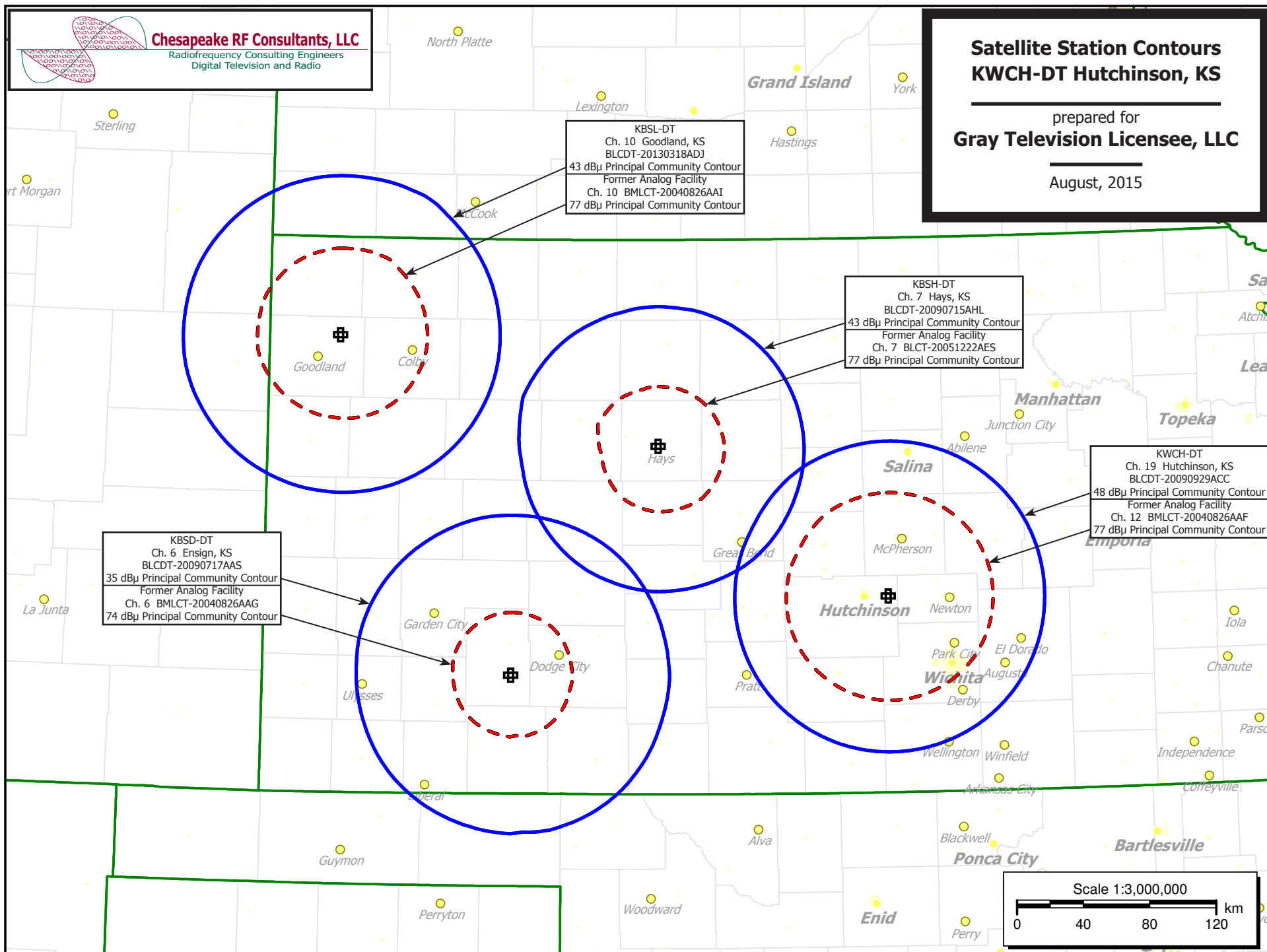


Exhibit B3



Kalil & Co., Inc.

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

September 14, 2015

Mr. Kevin Latek
Gray Television, Inc.
4370 Peachtree Road, NE
Atlanta, GA 30319

Re: Analysis of: KBSD-DT, Ensign, Kansas
KBSL-DT, Goodland, Kansas
KBSH-DT, Hays, Kansas

Dear Mr. Latek:

Gray Television ("Gray") has engaged Kalil & Co., Inc. ("Kalil") to evaluate the prospects for a sale of television broadcast stations: KBSD-DT, Ensign, Kansas; KBSL-DT, Goodland, Kansas; and KBSH-DT, Hays, Kansas.

This analysis regards 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, KBSD-DT, KBSL-DT and KBSH-DT broadcast as satellites of KWCH-DT, Hutchinson, Kansas the CBS affiliate serving the Wichita-Hutchinson DMA. You have also 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 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 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 KBSD-DT, KBSL-DT, and KBSH-DT, the following points highlight the challenging nature of attempting to sell each or any of these television stations as a standalone, full-service facility:

KWCH-DT and its satellites KBSD-DT, KBSL-DT and KBSH-DT operate as the CBS affiliate serving the Wichita-Hutchinson television market. This market is the nation's 65th largest television market, as defined by Nielsen, with a population of approximately 1,216,500 people according to BIA/Kelsey. A total of 65 counties spread over central and western Kansas comprise the market. The other three primary affiliates in the market, programming ABC, NBC, and FOX are licensed to Wichita. Wichita is the largest city in the state of Kansas with a population in the metro area of over 640,000. Hutchinson is approximately 40 miles northwest of Wichita and has a population of approximately 42,000. Seven full power commercial stations licensed to either the Wichita metro or Hutchinson serve the market. This would put any of the satellite operations at an extreme disadvantage if they were to attempt to compete with the other commercial full powers in the market as a standalone. Indeed, each of the Big 4 affiliates in the market operates one or more satellite stations to provide an over-the-air signal to its viewers.

According to BIA, the predicted coverage areas for the 7 commercial full powers show over-the-air coverage of over 700,000 in population. The predicted coverage areas for the satellite stations are as follows: KBSD-DT 156,000; KBSL-DT, 50,000; KBSH-DT, 102,000. This is because these stations are serving remote rural populations in the market. It is evident the immediate disadvantage faced by these satellite operations if they were to operate as standalone, full-service television stations.

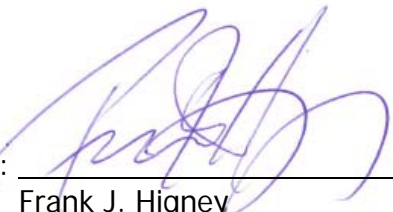
KBSD-DT, KBSH-DT and KBSL-DT would have no real chance of getting an affiliation agreement with any of the established broadcast networks due to the minimal population covered by its signal.

Setting aside the lack of a proper affiliation being available, or obtainable, by KBSD-DT, KBSH-DT or KBSL-DT as a standalone, full-service station, the cost of outfitting, staffing and programming each or all of these stations could not be covered by the advertising revenues to be generated in Ensign, Hays or Goodland. The respective populations in their home counties are 6,000 in Gray County, 21,000 in Ellis County and 6,000 in Sherman County. We are aware of no instances in which satellite stations serving only small, outlying communities such as these have been successfully converted to viable standalone operations.

In view of the above facts, we would attribute little value to stations KBSD-DT, KBSH-DT and KBSL-DT except in conjunction with KWCH-DT. It is our opinion that these stations could be sold only as satellite stations, and not on a standalone basis. Consequently, we reached the conclusion that KBSD-DT, KBSH-DT and KBSL-DT would not be viable as standalone television stations.

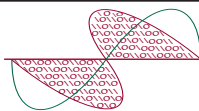
Sincerely,

Kalil & Co., Inc.

By: 

Frank J. Higney
Vice President

Exhibit C1



Chesapeake RF Consultants, LLC
Radiofrequency Consulting Engineers
Digital Television and Radio

Satellite Station Contours KNOP-TV North Platte, NE

prepared for
Gray Television Licensee, LLC

August, 2015

KDUH-TV
Ch. 7 Scottsbluff, NE
BLCDT-20050914AAH
43 dBu Principal Community Contour
Former Analog Facility
Ch. 4 BLCT-20030924ACZ
74 dBu Principal Community Contour

KNOP-TV
Ch. 2 North Platte, NE
BLCDT-20110609ABG
35 dBu Principal Community Contour
Former Analog Facility
Ch. 2 BLCT-19791022KJ
74 dBu Principal Community Contour

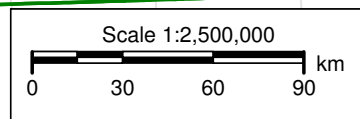


Exhibit C2



Kalil & Co., Inc.

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

September 14, 2015

Mr. Kevin Latek
Gray Television, Inc.
4370 Peachtree Road, NE
Atlanta, GA 30319

Re: KDUH-TV, Scottsbluff, Nebraska

Dear Mr. Latek:

Gray Television ("Gray") has engaged Kalil & Co., Inc. ("Kalil") to evaluate the prospects for a sale of television broadcast station KDUH-TV, Scottsbluff, Nebraska ("KDUH-TV").

This analysis regards the feasibility of operating KDUH-TV as a full service, standalone television operation with no technical, sales or programming support from a parent station. Currently, KDUH-TV broadcasts as a satellite of KOTA-TV, Rapid City, South Dakota. You have advised us that it is your intention to operate KDUH-TV as a satellite of KNOP-TV, North Platte, North Dakota in order to bring coverage of Nebraska news and sports to the Scottsbluff region. 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 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 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: KDUH-TV currently serves Scottsbluff as an ABC satellite affiliate of KOTA-TV, Rapid City (172), nearly 200 miles to the north. Nonetheless, it is considered part of the Cheyenne, Wyoming DMA (197) approximately 110 miles to the southwest. North Platte is approximately 175 miles to the southeast.

Scottsbluff is a small isolated community in Western Nebraska with a population just north of 15,000 in 6,200 households. North Platte, at market rank 209, comprises nearly 15,000 television households.

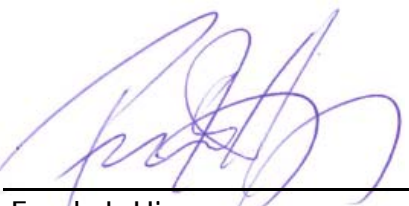
KDUH-TV reaches none of the financial, retail, and populated centers of any of the three surrounding DMAs, with an over-the-air signal. Consequently, KDUH-TV with its limited coverage and economics would have no real chance to get a major network affiliation other than as a satellite of a parent station.

If KDUH-TV were to be converted to a full power standalone television station, in our opinion, it would not be financially viable. There would exist no technical, sales, programming, or management absent support from a parent station's operation. The cost of outfitting, staffing, and programming KDUH-TV would not be covered by the advertising revenues to be generated in the Scottsbluff 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.

Therefore, we attribute little value to KDUH-TV except as a satellite to a station serving one of the surrounding DMAs and are of the opinion that KDUH-TV could be sold only as such and not on a standalone basis.

Sincerely,

Kalil & Co., Inc.

By: 

Frank J. Higney
Vice President

Exhibit D



Kalil & Co., Inc.

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

September 14, 2015

Mr. Kevin Latek
Gray Television
4370 Peachtree Road, NE
Atlanta, GA 30319

Re: KSCW-TV, Wichita, Kansas

Dear Kevin:

Gray Television, Inc. ("Gray") has engaged Kalil & Co., Inc. ("Kalil") to evaluate the prospects for a sale of television broadcast station KSCW-DT, Wichita, Kansas ("KSCW").

Kalil is providing this letter at Gray's request with the understanding that Gray is requesting a continuation of said KSCW failing station waiver. We further understand that Gray has proposed an acquisition of the Schurz Communications, Inc. ("Schurz") stations and in conjunction with this acquisition seeks the expert opinion of Kalil regarding the possibility of the sale of KSCW to an out-of-market buyer at anything other than a depressed price.

Background: At present, Schurz operates both KSCW-TV and KWCH-TV in the Wichita-Hutchinson television DMA pursuant to a "failing station" waiver granted by the Federal Communications Commission (the "Commission") in 2007 in connection with the Schurz purchase of the station.

You have explained to us that Gray intends to request the continuation of the waiver following consummation pursuant to Commission consent of the proposed merger with Schurz. In connection with that request for continuation of the waiver, Gray seeks to include our expert evaluation of the prospect that KSCW could be sold to an out-of-market buyer at other than a depressed price. This letter is being provided to you with the understanding that Gray intends to submit it to the Commission as part of the request for continuation of the KSCW "failing station" waiver.

Qualifications of Kalil: Kalil has been in the media brokerage business for over forty 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. For 2014, SNL Kagan named Kalil the top broadcast broker in the United States in terms of deal volume for over the last 10 years with well over \$2 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 thousands of broadcast properties, including stations in small, medium, and large markets.

Analysis: In evaluating the marketability of KSCW, the following points highlight the challenging nature of attempting to sell a standalone CW network affiliate:

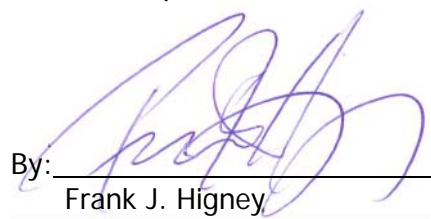
- Based on our extensive professional experience, the pool of buyers for a standalone CW affiliate is not deep. The number of prospective buyers is limited at best with the only real interested parties being in-market owners. The CW's programming is not successful enough to support a profitable station under most circumstances. Even though KSCW is operated in conjunction with a co-owned CBS affiliated station, its estimated market revenue share (according to BIA estimates) is significantly lower than any of the market's "Big 4" stations.
- KSCW is co-located with KWCH-TV, the CBS affiliate for Wichita, which is owned by Schurz. Consequently, KSCW is able to benefit from the synergies of the operational, management, sales, and programming umbrella provided by KWCH-TV. Without access to these resources and efficiencies, the cost structure for KSCW would increase by hundreds of thousands of dollars. This would include buying/leasing studio space and building out the studios.
- Over the past four years, we note only two sales of standalone full power CW affiliated television stations to out-of-market buyers in television markets smaller than DMA rank 50. One sale was to an entity generally identified as a "spectrum speculator" for the upcoming FCC reverse auction, and the other was a distress sale in bankruptcy court from a debtor-in-possession. KSCW appears to have little to no potential value in the upcoming spectrum auction.
- As an affiliate of the CW network, KSCW would not be considered a top tier station. Most potential buyers are looking for "Big 4" affiliates (ABC, CBS, FOX, NBC), when they consider a standalone opportunity. The "Big 4" networks have strong programming lineups including major sporting events and top rated shows. ABC, NBC, and CBS all have strong national news products. The CW does not have any of these strengths. Furthermore, while "Big 4" networks enjoy the benefits of even-year political dollars and significant increases in retransmission payments from MVPDs, CW affiliates do not share in those revenue benefits.
- The Wichita-Hutchinson television market is a large, geographic market nearly 300 miles east-west and 200 miles north-south. This can mean added expense, such as owning and maintaining translators to fill holes in your over-the-air coverage and/or boost your signal so it can provide a quality signal at cable head-ends. If your over-the air signal cannot reach cable systems' head-ends, delivering your signal via fiber optic cable becomes an added expense. Each of the major network affiliates maintain a network of satellites and translators to cover the DMA, which is a significant competitive advantage to KSCW as a stand-alone operation.

- Programming costs for a standalone CW network affiliate could also be prohibitive. If the station cannot acquire popular syndicated programming, its already challenged situation becomes even more difficult. As a standalone CW network affiliate, the rates paid for syndicated programming would likely be higher than rates negotiated by an entity which has more than one station in the market, especially when one of those stations is a market leader. Without the leverage, a CW station owner would likely have to pay more for syndicated programming, which would further undermine the station's financial condition.

Conclusion: Based on our above described analysis, it is our opinion that if Gray were to market KSCW, an in-market buyer would be the only reasonably available candidate willing and able to acquire and operate the station. Selling the station to an out-of-market buyer, if one could be found, would result in a severely depressed price. An analysis of station sales over the last four years within the television markets ranked 50 or above shows most CW-affiliated stations sold during that time period were either purchased as part of a group, by an in-market buyer, or by an entity with a Shared Services Agreement, or Joint Services Agreement in place with another station in the market. Obviously, today with the fluctuating concerns when it comes to Shared Services Agreements and Joint Services Agreements the odds of finding a buyer are even lower and more difficult than ever before. Those types of agreements provide many of the same business efficiencies experienced by owners of multiple stations in markets and, in our opinion, are not comparable sales to the purchase of a standalone. Nor is the sale to a potential "spectrum buyer" a viable alternative in Wichita, Kansas.

Sincerely,

Kalil & Co., Inc.

By: 

Frank J. Higney
Vice President