

United States Senate
WASHINGTON, DC 20510-4105

June 13, 2019

The Honorable Ajit V. Pai
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

The Honorable Makan Delrahim
Assistant Attorney General, Antitrust Division
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, D.C. 20530

Dear Chairman Pai and Assistant Attorney General Delrahim:

As you are likely aware, on May 1, 2018, Gray Television, which owns and operates KSFY-TV in Sioux Falls, SD (ABC affiliate), announced it had reached an agreement with Red River Broadcasting Company to acquire KDLT-TV in Sioux Falls, SD (NBC affiliate). On May 17, 2018, the Federal Communications Commission (FCC) accepted an application to transfer the licenses of KDLT-TV and its satellite station (KDLV-TV in Mitchell, SD) from Red River Broadcast Company to Gray Television. Soon thereafter, on July 6, 2018, the Department of Justice (DOJ) Antitrust Division issued a civil investigative demand (CID) to Gray Television regarding this matter.

The expected benefits of this acquisition to South Dakotans have been highlighted by South Dakota Governor Kristi Noem and then South Dakota Attorney General Marty Jackley, both of whom have written to express support for the acquisition. In its application, Gray states the proposed acquisition would expand the quality and quantity of local news and programming, expand the coverage of free over-the-air broadcast service to an additional 80,000 South Dakotans, and allow KSFY-TV to open the first news bureau in South Dakota's state capital of Pierre. The proffered benefits of this transaction deserve serious consideration. The proponents of the transaction have also underscored that the combined average market share of the two stations over the last five years has been less than 35 percent.

It has now been more than a year since the parties announced the proposed merger—and nearly a year since DOJ issued its first CID. While I recognize the reviews undertaken by your agencies are rarely simple, I am also aware that DOJ has set a laudable goal of resolving merger reviews within six months. The length of this particular review has left uncertainty in the broadcast industry, particularly for those stations operating in the Sioux Falls Designated Market Area. I therefore ask that you complete your reviews expeditiously to provide much needed clarity for the broadcast industry and the affected stations in my home state.

Thank you both for your attention and consideration of this matter.

Sincerely,



JOHN THUNE
United States Senator



— STATE OF SOUTH DAKOTA —
OFFICE OF THE GOVERNOR

KRISTI L. NOEM | GOVERNOR

May 14, 2019

The Honorable Makan Delrahim
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The Honorable Ajit V. Pai
Chairman
Federal Communications Commission
445 12th Street Southwest
Washington, D.C. 20554
timothy.strachan@fcc.gov (FCC Director of OLA)

Dear Assistant Attorney General Delrahim and Chairman Pai:

Almost a year ago, the owners of KSFY and KDLT in Sioux Falls, South Dakota, announced a transaction that would combine their two stations to enhance both stations' ability to compete in today's highly fractured and hyper-competitive media environment. South Dakotans deserve access to high quality local news, information, sports and emergency programming. Gray Television's proposed acquisition of KDLT presents this opportunity for South Dakota consumers.

As the Governor of South Dakota, I ask that your offices each give this transaction every consideration. This acquisition would provide increased capital, new resources and upgraded facilities, to allow them to compete with other forms of media. If approved, the combination would produce substantial public interest benefits. If approved, Gray Television plans to add several local newscasts to increase the amount and quality of local news available in the Sioux Falls market. This increase of local programming will expand the supply of local advertising spots and provide additional competition to cable and internet advertising.

The Honorable Makan Delrahim
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Gray Television expects that the combination of the over-the-air transmitter networks of both stations will expand free-over-the-air service to approximately 80,000 households living in underserved regions in South Dakota that are unable to receive either ABC or NBC programming today. Finally, Gray Television promises to open a news bureau in Pierre, our state capital. Pierre is near the geographic center of the state. Pierre is a three-hour drive from Sioux Falls making coverage of important government activities more challenging than in most states. A news bureau in Pierre would promote government accountability and a better-informed citizenry.

The risk to competition from combining these two stations is nominal. The average combined broadcast television market share of both stations over the last five years is less than 35 percent. Moreover, national cable networks and digital advertisers will continue to ensure that competition for South Dakota advertising dollars remains robust.

Given the many public interest benefits from this combination, I ask that both of your agencies complete their reviews as soon as reasonably possible. The transaction has now been pending for almost a year. As I am sure you can appreciate, it is difficult for any company to continue to compete under a cloud of uncertainty. Thank you in advance for your consideration of this matter.

Sincerely,

Kristi Noem
KN:mn



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MARTY J. JACKLEY
ATTORNEY GENERAL

CHARLES D. McGUIGAN
CHIEF DEPUTY ATTORNEY GENERAL

December 20, 2018

The Honorable Ajit Pai
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Chairman Pai:

South Dakotans deserve access to high quality local news, information, sports and emergency programming. Gray Television's proposed acquisition of KDLT in Sioux Falls presents this opportunity for South Dakota consumers. On behalf of the people of South Dakota, I urge you to consider this acquisition.

Last May, the owners of KSFY and KDLT announced the proposed combination of their stations under a new deregulatory approach taken by the Trump Administration. Gray Television believes that this acquisition would provide them with increased capital, new resources, and upgraded facilities, that would allow them to better compete with other forms of media.

As Attorney General, it is my hope that joining KSFY and KDLT together would yield public interest benefits for South Dakotans. Gray Television asserts that by combining the over-the-air transmitter networks of both stations, the stations will expand free over-the-air service to approximately 80,000 households living in underserved regions in South Dakota that are unable to receive either ABC or NBC programming today. Second, Gray intends to add several new local newscasts and increase the amount and quality of local news programming in the Sioux Falls market. This expansion of local programming and the increase the supply of local advertising spots for sale in the market, could conceivably place a downward pressure on advertising prices. Third, I am encouraged by Gray Television's proposal to create the first television news bureau in Pierre, our capital, which would help better inform our citizens on government activities.

While the risk to competition from combining KSFY and KDLT is a possibility, other market forces may mitigate that risk. The average combined broadcast television market share of both stations over the last five years is less than 35 percent, and this does not consider outside competition from national cable networks, over-the-top video providers, or other media firms.

Delivering high quality news and entertainment programming across the state is important to South Dakota. The Sioux Falls television market covers about two-thirds of South Dakota - an area larger than Philadelphia, Baltimore, DC, and Richmond combined - with a fraction of the population of those markets. I urge you to consider a combination of KSFY and KDLT that will better serve viewers across this vast area.

Respectfully,

A handwritten signature in black ink, appearing to read "Marty Jackley", with a long horizontal flourish extending to the right.

Marty J. Jackley
ATTORNEY GENERAL

MJJ/lde



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CHIEF DEPUTY ATTORNEY GENERAL

May 30, 2019

The Honorable Ajit Pai
Chairman
Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

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Dear Chairman Pai,

It has come to my attention that the proposed acquisition of KDLT in Sioux Falls, by Gray Television, is still unfinished.

I am aware that my predecessor wrote a letter in support of this proposed combination in December of 2018 and I am now adding my voice to that support.

Gray Television's acquisition of KDLT, along with their current holding of KSFY, would bring better quality news, information and emergency programming abilities to the people of South Dakota. This is a unique opportunity for the people of South Dakota to be better served and would also serve Gray Television by providing them with more capital, new resources, and upgraded facilities to better compete in the limited marketplace of media that is South Dakota.

Gray Television claims that the combination of the over-the-air transmitter networks of the two stations would expand free over-the-air service to approximately 80,000 households currently situated in underserved regions of our state. These are households that are unable to receive ABC or NBC programming at the current time.


Gray has also informed us that they would plan to add at least 32 hours of new local newscasts for the Sioux Falls market every week. An expansion of this sort of programming would also increase the supply of local advertising spots available in the market, current projections state up to 285 new advertising

slots per week which could, in theory, place downward pressure on advertising prices.

Finally, with this merger, it would enable Gray Television to create the first television news bureau in Pierre, the state capital, a move which would better inform our citizens of government activities.

As you know, the Sioux Falls television market covers roughly two-thirds of South Dakota. This is more square miles than Philadelphia, Baltimore, DC, and Richmond combined. At the same time, it is only a fraction of the population of those markets. The average combined broadcast television market share of both KSFY and KDLT over the past five years is less than 35 percent, and that number does not account for outside competition from national cable networks, over-the-top video providers, or other media. As Attorney General, I urge you to favorably consider this acquisition and merger. The deal would provide public interest benefits for South Dakotans. It would deliver high quality news and entertainment programming across the state. It would be a wise move for the people of my state and I thank you for considering this matter.

Sincerely,



Jason R. Ravensborg
ATTORNEY GENERAL

JRR/lde

cc: Senator John Thune
Senator Mike Rounds
Representative Dusty Johnson
Governor Kristi Noem