Assignee's Portion
FCC Form 314
October 2003

EXHIBIT 14

LOCAL TV OWNERSHIP RULE/WAIVER REQUEST

The instant application seeks consent to the assignment of the FCC authorizations for television station KTBY(TV), Anchorage, Alaska from Piedmont Television of Anchorage License LLC to Alaska Broadcasting Company, Inc. ("Assignee"). Assignee is currently the licensee of television station KTVA(TV), Anchorage, Alaska.

Attached hereto is a waiver request for Assignee's proposed purchase of KTBY(TV) submitted for consideration by the Commission.

Local Television Ownership Rule / Request for Waiver

I. Introduction

A. Description of the Transaction

The instant application seeks Commission approval of a transaction involving the assignment of KTBY(TV), channel 4, the FOX affiliate in Anchorage, Alaska from Piedmont Television of Anchorage License LLC ("Piedmont") to Alaska Broadcasting Company, Inc. ("Assignee"). Assignee currently owns KTVA(TV), channel 11, the CBS affiliate in Anchorage. The instant application was initially filed August 14, 2003 following adoption of the Commission's *2002 Biennial Review Media Ownership Report and Order* and release of the new FCC Application Forms.[1] As a result of the 3rd Circuit Court of Appeals decision to stay the effective date of the new rules, the Commission reinstated the old Application Forms and directed applicants to amend their applications by October 17, 2003, and seek any necessary waivers.[2] Accordingly, we hereby amend the application and seek waiver of the local television ownership rule.

The local television ownership rule allows for the common ownership of two television stations in a Designated Market Area ("DMA"), provided: (1) the proposed ownership combination will not result in a single entity owning more than one station that

---

[1] *See 2002 Biennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996,* MB Docket 02-277, *Report and Order and Notice of Proposed Rulemaking*, 18 FCC Rcd 13620 (2003) (*2002 Biennial Review Media Ownership Report and Order*), *appeal pending sub nom. Prometheus Radio Project v. FCC,* No. 03-3388 (3d Circuit); *Public Notice,* FCC Forms 301, 314, and 315 Approved and Available for Use; Media Bureau Announces End to Freeze on the Filing of Form 301, 314 and 315 Applications and Amendments, DA 03-2642 (rel. Aug. 14, 2003).

[2] *Public Notice,* Media Bureau To Terminate Temporary Broadcast Station Application Freeze; Revised Processing Guidelines Announces, DA 03-2867 (Sept. 10, 2003); *Public Notice,* FCC Forms 301, 314, and 315 Approved and Available for Use; Media Bureau Announces Reactiviation of Forms 301, 314 and 315, DA 03-2903 (Sept. 17, 2003) (responding to *Prometheus Radio Project v. FCC,* No. 03-3388 (3d Cir. Sept. 3, 2003) (per curiam)).

is ranked among the top four stations in the market, based on the most recent all-day (9:00 a.m. - midnight) audience share; and (2) post merger, at least eight independently owned and operating, full power commercial and noncommercial TV stations in the DMA will have grade B contour overlaps with at least one of the stations in the proposed combination.[3]

At the time the instant application was filed, KTVA(TV) was ranked second in the Anchorage DMA and KTBY(TV) was tied for fourth, based on the Nielsen ratings' all-day audience share. The Anchorage DMA has seven full-power television stations (six commercial / one noncommercial), including KTVA(TV) and KTBY(TV).[4]

Assignee thus seeks a waiver of the local television ownership rule. First, given that the proposed assignment involves a combination of two of the top five stations in the market, the top four restriction should not be at issue here. Nonetheless, out of an abundance of caution, Assignee requests a waiver of the top four restriction to facilitate the instant transaction. Assignee also seeks a waiver of the eight independent voice restriction.

B. Background of Proposed Assignee

Assignee, Alaska Broadcasting Company, Inc., is a subsidiary of MediaNews Group, Inc., ("MNG"). MNG purchased KTVA(TV) through a stock transaction in May 2000. Alaskan broadcast pioneer Augie Hiebert founded KTVA(TV), Anchorage's first broadcast television service, in 1953. The station provided Anchorage with its first local newscast. In 1970, KTVA(TV) became the first television station in Alaska to use

---

[3] 47 C.F.R. § 73.3555(b).

[4] These stations are KTUU-TV, KTVA(TV), KIMO(TV), KYES(TV), KTBY(TV), KAKM(TV), and KDMD(TV).

satellites to download feeds of CBS News reports, enabling KTVA(TV) to bring Walter Cronkite and the Apollo 11 moon landing into Alaska living rooms. Alaska Broadcasting Company is committed to the KTVA(TV) tradition of excellence.

In April 2001, Alaska Broadcasting Company entered into a Joint Sales Agreement and a Shared Services Agreement with Piedmont and its parent company to reduce the operating costs (and thus the operating losses) of KTVA(TV) and to enable KTBY(TV) to air its first ever news programming. Even with these arrangements, however, KTVA(TV) and KTBY(TV) collectively have revenues well below the dominant station's market share and are losing money.

II. The Proposed Assignment Should be Granted Pursuant to Waiver of the Local Television Ownership Rule.

In promulgating the "top four station / eight voice" standard, the Commission recognized that "smaller markets [would] benefit from the efficiency gains and cost savings associated with joint station ownership" but acknowledged that stations in smaller markets "will not be able to take advantage of the standard."[5] The Commission went on to adopt a presumption in favor of waiver if an application were to meet one of three tests. Specifically, the Commission observed, "we will *presume* that a waiver is in the public interest" if the application meets a failed or failing station test or involves an unbuilt station.[6] Although the decision set forth these specific "presumptive" waiver

---

[5] *See Review of the Commission's Regulations Governing Television Broadcasting,* MM Docket No. 99-221, *Report and Order,* 14 FCC Rcd 12903, 12935 (1999) ("*1999 TV Ownership Order*") *recon. granted in part, Memorandum Opinion and Order,* MM Docket No. 99-221, 16 FCC Rcd 1067 (2001) ("*1999 TV Ownership Reconsideration Order*"), *remanded on other grounds, Sinclair Broadcast Group, Inc. v. FCC,* 284 F.3d 148 (D.C. Cir. 2002).

[6] *See 1999 TV Ownership Order*, 14 FCC Rcd at 12931 (emphasis added).

standards,[7] as a matter of law the Commission must give a "hard look" to any waiver request and may grant such requests where the waiver will not undermine the policy of the general rule and where public interest considerations require the waiver.[8] As demonstrated below, in this instance there are compelling reasons the Commission should grant a waiver of its local television ownership rule.

First, waiver of the Commission's top four restriction is appropriate here where KTBY(TV) is tied for fourth place with another station. Second, the proposed assignment will actually promote greater competition in the Anchorage DMA and preserve a local news broadcast currently offered by KTBY(TV). Third, waiver of the eight independent voice restriction is warranted to account for the modern media marketplace and the readily available substitutes for broadcast television "voices." Finally, grant of the instant waiver will enable KTVA(TV) and KTBY(TV) to confront the unique economic challenges in the Anchorage market and facilitate the DTV transition. Accordingly, Assignee respectfully submits that waiver of the local television ownership rule will not undermine the rule's underlying policies. Assignee requests that the Commission grant a waiver to permit common ownership of Anchorage television stations KTVA(TV) and KTBY(TV).

A. The Underlying Premises of the Top Four Restriction Do Not Exist in the Anchorage Market.

The Commission's decision to adopt a top four restriction on local television ownership was "designed to ensure that the largest stations in the market do not combine

---

[7] *See 1999 TV Ownership Reconsideration Order*, 16 FCC Rcd at 1075-78.

[8] *City of Angels Broadcasting, Inc. v. FCC*, 745 F.2d 656 (D.C. Cir. 1984); *WAIT Radio v. FCC*, 418 F.2d 1153 (D.C. Cir. 1969), *aff'd*, 459 F.2d 1203 (D.C. Cir. 1972).

and create potential competitive concerns."[9] The Commission also reasoned that combinations among top four stations could create concerns regarding diversity of viewpoints in local news presentation.[10] As demonstrated below, neither concern is relevant in the Anchorage market.

1. The Anchorage Market Does Not Include Four Strong Competitors, and the Proposed Assignment Will Increase the Competitive Environment.

The top four restriction is premised on the assumption that the top four stations "generally have a large share of the audience and advertising in the market" and thus a combination of two of the top four stations could harm competition.[11] With respect to the Anchorage market, a "top four" grouping is illogical. First, the top-ranked station – KTUU-TV, channel 2, the NBC affiliate – has dominated the audience share and advertising markets for years. Second, there is no "top four" station group in the Anchorage market, as the fourth- and fifth-ranked stations are tied for audience share. A merger between second-ranked KTVA(TV) and KTBY(TV) – a station tied for fourth place – will not hamper competition in the Anchorage market but will strengthen it.

Specifically, the proposed assignment will actually reduce this significant competitive disparity between the dominant station and the rest of the Anchorage market. KTUU-TV has been the top-ranked station in the Anchorage market for many years. The May 2003 Nielsen all-day audience share ratings reveal that KTUU-TV captured a 22 point share, while KTVA(TV) and KTBY(TV) captured shares of only 12 and 6 points,

---

[9] *1999 TV Ownership Order*, 14 FCC Rcd at 12933.

[10] *Id.*

[11] *Id.*

respectively.[12] Moreover, during the last four ratings periods KTUU-TV has generally enjoyed double digit point leads over KTVA(TV) – the second-ranked station in the market. KTUU-TV regularly holds a share that is three to four times the share of KTBY(TV). KTUU-TV also dominates the advertising market. BIA Financial Network Inc.'s 2002 estimated revenues indicate that KTUU-TV accounted for 45% of the gross revenues in the Anchorage market. [13]

In contrast to the Commission's general assumptions about top four-ranked stations, neither KTBY(TV) nor KTVA(TV) can be considered strong stations in the Anchorage market. In fact, KTVA(TV) and KTBY(TV) have not been profitable operations, and both stations are struggling to remain competitive. KTVA(TV), for example, has incurred substantial losses and has not shown a profit for the last several years.[14] Similarly, KTBY(TV) posted net losses in 2001 and 2002.[15]

In addition, a top four framework is not appropriate in the Anchorage market because KTBY(TV) and KYES(TV) are tied for fourth in the Nielsen ratings, each garnering only a 6 point all-day (9:00 a.m.-midnight) audience share.[16] Moreover, KYES(TV) has ranked ahead of KTBY(TV) during one of the last four ratings periods – and KTBY(TV) was ranked fifth during that ratings period. The Nielsen ratings

---

[12] *See* Exhibit A.

[13] *See* BIAfn, Anchorage, AK Market Overview. Copyright © 2003 BIA Financial Network, Inc.

[14] KTVA(TV) financial information can be provided on a confidential basis upon request.

[15] *See* KTBY(TV) Application for Extension of Time to Construct a Digital Broadcast Television Station, FCC File No. BEPCDT-20030612ADI (filed Jun. 12, 2003) and associated Exhibit 1 filed concurrently therewith under confidential cover pursuant to 47 C.F.R. § 0.459.

[16] See Exhibit A. Since the application was initially filed, the July 2003 Nielsen ratings were released in August. The most recent ratings further illustrate this point as three television stations – KYES(TV), KTBY(TV) and KAKM(TV) – are now tied as the fourth ranked station in the Anchorage DMA, each garnering a 5 share.

demonstrate that in the Anchorage market there is no general separation in audience share between the top four-ranked stations and the fifth station – and on several occasions, the fourth- and fifth-ranked stations have swapped positions.[17] It is unquestionably evident that KTUU-TV is the dominant station in the Anchorage DMA and that there is a significant competitive disparity between the proposed merging stations and the top-ranked station in the market.[18] In this instance, application of the top four restriction is inappropriate, as it will serve to inhibit, rather than stimulate, a competitive environment in the Anchorage DMA.

2. The Proposed Assignment Will Not Adversely Affect Viewpoint Diversity and Will Preserve a Local Newscast In the Anchorage Market.

In the *1999 TV Ownership Order*, the Commission reasoned that combinations among top four stations pose more of a concern to viewpoint diversity than combinations that include stations not ranked in the top four because top four-ranked stations "generally have a local newscast, whereas lower-ranked stations often do not have significant local news programming."[19] While KTVA(TV) and KTBY(TV) both currently provide local news, KTBY(TV) offers a nightly local newscast solely because of the Joint Sales Agreement and Shared Services Agreement with KTVA(TV). Approval of the proposed assignment will not diminish viewpoint diversity but will

---

[17] *See id.* Over the last two years KTBY(TV) has ranked fifth in the all-day audience share in three ratings periods.

[18] The Commission has recognized that same-market combinations can "result in a welfare enhancing effect for consumers" by increasing the viewership of the lower ranked of the two stations – and thereby increasing the competitive nature of the market. *2002 Biennial Ownership Report and Order*, 18 FCC Rcd 13620, 13964 (2003).

[19] *1999 TV Ownership Order*, 14 FCC Rcd at 12933.

ensure that the public continues to enjoy the local news programming it has come to expect from KTBY(TV).

Prior to October 2001, KTBY(TV) provided no local news programming. Like many struggling small market stations, it did not have the financial resources to do so. Through the agreements with KTVA(TV), however, KTBY(TV) found a cost-effective way to offer a local newscast. The KTVA(TV) news department produces and executes the KTBY(TV) news, using the KTVA(TV) news content and studio and a KTBY(TV) news set and graphics. This arrangement has enabled KTBY(TV) to provide a newscast seven nights a week at 9:00 p.m. -- the only local news programming in the market in the 9:00 p.m. slot.[20] Such an arrangement may actually expand the amount of news available to viewers in that market, if viewers previously unable to watch news programming can watch the news at the 9:00 p.m. time.

[20] The following chart provides the local news programming for all stations in the Anchorage DMA:

Station	Newscast Times
KTVA	M – F 6a – 7a M – F and Sun 5p – 5:30p M – F and Sat 6p – 6:30p M – Sun 10p – 10:30p
KTBY	M – Sun 9p – 9:30p
KTUU	M – F 6a – 7a M – Sun 5p – 5:30p M – F 6p – 7p M – Sun 10p – 10:30p
KIMO	M – F 6p – 6:30p M – F 10p – 10:30p Capital Focus Sun 5p – 5:30p
KAKM (Public)	Alaska Weather M – F 5:30p – 6p Anchorage Edition Friday 9p – 9:30p Consider This Thursday 8:30p – 9p
KYES	None
KDMD	None

Consistent with Commission precedent, when considering the impact of the proposed transaction on viewpoint diversity the Commission should examine the state of KTBY(TV) news programming prior to entering into the arrangement with KTVA(TV). Indeed, the Commission has applied this reasoning in assessing previous waivers of the local television ownership rule. In 1999, the Commission concluded that parties to a grandfathered television local marketing agreement ("LMA") could seek a waiver of the local television ownership rule, finding that "a waiver may be based on the circumstances existing just prior to the parties entering into the LMA."[21] Subsequently, in *Application of K-W TV, Inc.*, for example, the Commission found that but for the benefits realized by an LMA between assignor and assignee, the subject station would not have been built. The Commission granted assignee's request for waiver of the local television ownership rule to permit the combination based on assignor's financial condition as it existed before entering into the LMA. The Commission noted that the arrangement between assignor and assignee enabled "the type of public interest benefit . . . warranting a waiver of the duopoly rule."[22]

The instant merger will advance localism by ensuring the preservation of the only 9:00 p.m. local newscast in the market, thereby allowing the public to continue to enjoy the local news programming it has come to expect from KTBY(TV). Before the arrangement with KTVA(TV), KTBY(TV) offered no local news programming. The Commission should consider KTBY(TV)'s local newscast as a benefit of the proposed assignment and should not "penalize" the stations for striking an arrangement to produce

---

[21] *See 1999 TV Ownership Order*, 14 FCC Rcd at 12965.

[22] *See Application of K-W TV, Inc. and WNTH Broadcasting, Inc.*, 17 FCC Rcd 775, 777 (2002). *See also Application of KB Prime Media*, LLC, 17 FCC Rcd 6296 (2002); *Kentuckiana Broadcasting, Inc.*, 16 FCC Rcd 6974 (2001).

a KTBY(TV) newscast in 2001. Since both stations did not previously produce a local newscast the proposed assignment does not result in a loss of viewpoint diversity in the Anchorage market. Here, absent the benefits of the proposed transaction, the stations' severe financial difficulties put KTBY(TV)'s newscast at risk and could compromise KTVA(TV)'s continued ability to offer high quality news programming in the Anchorage market. Waiver of the top four restriction and a grant of the proposed combination, therefore, will produce important public interest benefits.

B. The Eight Independent Voice Restriction Does Not Account for the Modern Media Marketplace or Readily Available Substitutes for Broadcast Television.

Waiver of the eight independent voice restriction is warranted in the instant transaction because the standard includes only broadcast television stations as "voices" in the market and fails to consider the impact that other Anchorage media have on competition and diversity. The Commission recognized as early as 1995 the impact that other media have on competition and diversity in the marketplace and expressed the view that cable, radio, newspapers and DBS can serve as substitutes for broadcast television.[23] In the *1999 TV Ownership Order*, however, the Commission decided not to include these types of media as "voices" in the local television ownership rule, finding that it was "unable to reach a definitive conclusion *at this time* as to the extent to which other media serve as readily available substitutes for broadcast television."[24] The Commission cited a lack of empirical evidence to assess substitutability.

Subsequently, the D.C. Circuit Court of Appeals in *Sinclair Broadcast Group, Inc. v. FCC*, remanded the Commission's definition of voices under the television

[23] *See TV Ownership Further Notice of Proposed Rulemaking*, 10 FCC Rcd 3524, 3543 (1995).

[24] *See 1999 TV Ownership Order*, 14 FCC Rcd at 12935.

ownership rule, finding that "the Commission failed to demonstrate that its exclusion of non-broadcast media from the eight voices exception is 'necessary in the pubic interest.'"[25] On remand, the Commission developed an exhaustive record which included significant empirical evidence and replaced the eight independent voice restriction with a new local television ownership framework "to reflect the contribution of other media to competition and diversity in the local television market."[26]

The Commission recently noted that although the effective date of the new local television ownership rule has been stayed by the 3rd Circuit Court of Appeals, "the reasoning in that order remains pertinent."[27] Accordingly, in evaluating the instant request for waiver of the eight independent voice restriction the Commission must acknowledge the findings in the *2002 Biennial Review Media Ownership Report and Order*: (1) the substitutability of other media for broadcast television in the media marketplace; and (2) "media other than television broadcast stations contribute to viewpoint diversity in local markets.[28]

The Anchorage DMA includes a significant number of media outlets that contribute to viewpoint diversity. In addition to the seven full power television stations, there are twenty-nine owned and operating broadcast radio stations in the Anchorage Arbitron radio market, representing fourteen additional independent voices in the

---

[25] *See Sinclair Broadcast Group, Inc. v. FCC,* 284 F.3d 148, 165 (D.C. Cir 2002).

[26] *See 2002 Biennial Review Media Ownership Report and Order*, 18 FCC Rcd at 13691.

[27] *See Shareholders of Hispanic Broadcasting Corporation (Transferor) and Univision Communications, Inc. (Transferee)*, MB Docket No. 02-235, *Memorandum Opinion and Order*, FCC 03-218 at ¶ 62 (rel. Sept. 22, 2003).

[28] *See 2002 Biennial Review Media Ownership Report and Order*, 18 FCC Rcd at 13668.

market.[29] Cable penetration in the Anchorage DMA is over 65% with two cable systems providing multiple channels of programming to over 65,000 subscribers.[30] Both EchoStar and Direct TV provide DBS service offering hundreds of channels to subscribers in the DMA. DirecTV offers 225 channels and EchoStar offers up to 150 channels with local-into-local service in the Anchorage DMA.[31] Finally, two daily newspapers, the *Anchorage Daily News* and the *Peninsula Clarion*, are published in the Anchorage DMA.[32]

Given the D.C. Circuit decision to invalidate the eight independent voice restriction, the findings in the *2002 Biennial Review Media Ownership Report and Order*, and the evidence of numerous media outlets in the Anchorage DMA, the Commission should, at this time, conclude that application of the eight independent voice restriction is unwarranted in the instant situation. Moreover, as discussed above the instant transaction would stimulate a pro-competitive marketplace and result in measurable public interest benefits by preserving a local newscast. For the foregoing reasons, Assignee respectfully requests waiver of the eight independent voice restriction to permit common ownership of Anchorage television stations KTVA(TV) and KTBY(TV).

---

[29] *See Broadcasting& Cable Yearbook*, 2002-2003 Edition at D-724 (2002).

[30] *See* BIAfn, Anchorage, AK Market Overview. Copyright © 2003 BIA Financial Network, Inc.

[31] *See* http://www.dishnetwork.com/content/programming/packages/index.shtml (number of EchoStar channels); http://www.dishnetwork.com/content/programming/locals/index.shtml (EchoStar's local channel offering in Anchroage); http://www.directv.com/DTVAPP/see/Landing.jsp (number of DirecTV channels);

[32] *See* http://www.adn.com (*Alaska Daily News* circulation); http://peninsulaclarion.com/circulation (*Peninsula Clarion* circulation).

C. The Commission Should Also Consider the Unique Circumstances that Alaska Broadcasters Face.

The economic challenges confronting small market broadcasters are further exacerbated by the remoteness of the Anchorage market and its small population.[33] The Commission has historically treated Alaska broadcast matters in a "special manner" because Alaska broadcasters are in a unique economic situation vis-à-vis other markets.[34] For example, in granting an Alaska broadcaster a waiver of the then existing "one-to-a-market" provision of the multiple ownership rules, the Commission recognized that Alaska's "distance from the mainland[,] . . . operating losses in broadcasting, the high cost of living in general and the high cost of shipping supplies" justified different treatment.[35]

The circumstances involved here warrant special consideration consistent with the Alaska waivers the Commission has previously granted. Anchorage's isolation and distance from the mainland have necessarily resulted in higher operating costs for KTBY(TV) and KTVA(TV), as supplies must be shipped long distances from the lower 48. Anchorage broadcasters are also burdened with one of the highest costs of living of any city in the country. According to the American Chamber of Commerce Researchers Association fourth quarter 2001 report, the cost of living in Anchorage is about 24 percent higher than the national average. As a result, television stations must pay higher wages and salaries to station employees. These factors demonstrate the increased

---

[33] The Anchorage DMA has only 132,740 TV households. *Broadcasting and Cable Factbook 2003*, Vol. 71 at A-56.

[34] *David E. Hilliard, Esquire,* 55 RR 2d 1005, 1006 (1984).

[35] *Application of Evangelic Missionary Fellowship for a New TV Permit,* 75 FCC 2d 724, 725 (1980).

economic burden of operating a television station in Anchorage and provide further support for the instant request for waiver.

The challenges of doing business in Anchorage are particularly relevant in the context of the DTV buildout. Although there are 1,061 stations providing DTV service across the country, only one television station in Anchorage currently provides DTV service to the public. As discussed below, the Anchorage Broadcast Television Consortium ("Consortium") was recently forced to terminate its efforts to identify and deploy a joint DTV solution. Both KTVA(TV) and KTBY(TV) have filed requests for extension of time to construct DTV facilities, as Anchorage broadcasters are left to develop DTV plans individually.

Several years ago the Consortium began efforts to design a practical and affordable plan for the implementation of initial DTV service in the Anchorage market and for the eventual conversion to a permanent, exclusive DTV service environment. This cooperative effort was deemed necessary because of the unique nature of the Anchorage market in terms of its enormous size and difficult topography. The members of the Consortium agreed to pursue a joint DTV transmitter site in order to defray some of the economic burdens associated with the digital transition. To this end, the Consortium identified a tower site and undertook lengthy and difficult negotiations with the site owner. These negotiations, however, were recently unsuccessfully concluded. Despite years of diligent efforts, the Consortium has failed to find a cost-effective means to deliver DTV service to the Anchorage market.

KTVA(TV) is now seeking to make its own arrangements to construct DTV facilities. The company had a structural analysis conducted for its existing analog tower, which revealed that the current tower will not meet safety standards for the proposed

DTV antenna facilities. KTVA(TV) has decided to reinforce the existing tower and has contracted, at considerable expense, with a tower company for reinforcement construction. Barring delays, KTVA(TV) hopes that the construction of low power DTV facilities can be completed by the end of 2003.

Financial difficulties, however, preclude KTBY(TV) from developing its own DTV construction strategy at this time.[36] As a result, KTVA(TV) and KTBY(TV) are pursuing the collocation of KTBY(TV)'s digital operations on the KTVA(TV) reinforced structure. DTV efficiencies that could be realized by the instant merger include the use of tower space for KTBY(TV) on the KTVA(TV) structure and possible collocation of master control and studios, which will allow the sharing of both equipment and personnel. The types of efficiencies that can be realized through common ownership of television stations have a beneficial impact on the DTV transition by sharing DTV equipment (*e.g.*, towers, productions equipment) and engineering personnel. Grant of the instant waiver is in the public interest as it would facilitate real DTV cost savings for both KTVA(TV) and KTBY(TV), allowing these Alaska stations to share the expenditures associated with the implementation of digital television service and permitting both stations to expedite the transition to digital television. Indeed, without this transaction, there is uncertainty as to when KTBY(TV) will be able to air a digital signal.

[36] In June 2003, KTBY(TV) submitted a confidential exhibit, filed pursuant to 47 C.F.R. § 0.459, as part of its request for extension of time to construct DTV facilities. *See* KTBY(TV) Application for Extension of Time to Construct a Digital Broadcast Television Station, FCC File No. BEPCDT-20030612ADI (filed Jun. 12, 2003). The confidential exhibit provides information regarding KTBY(TV)'s difficulties in pursuing the DTV transition on an independent basis.

III. Conclusion

As demonstrated above: (1) the underlying competition and diversity rationale for the Commission's top four restriction is not present in the Anchorage market given that KTBY(TV) and KYES(TV) are tied for fourth; (2) the proposed merger would be pro-competitive by reducing a significant competitive disparity between KTVA(TV) and KTBY(TV) and the dominant station KTUU-TV; (3) the proposed merger is in the public interest as it will positively impact the delivery of news in the market; (4) the eight independent voice restriction is unwarranted as it has been invalidated by the D.C. Circuit Court of Appeals *and* found by the Commission to no longer be necessary in the public interest; (5) there are numerous other media outlets in the Anchorage DMA; and (6) the proposed merger will advance the deployment of DTV service provided by KTVA(TV) and KTBY(TV) in Alaska.

Given the totality of the circumstances presented by the instant assignment application, Assignee submits that waiver of the local television ownership rule is in the public interest and respectfully requests that the instant request for waiver be granted.

Exhibit A

ANCHORAGE, AK

DAYPART SUMMARY

METRO HH RTG	METRO HH SHR	DAYPART TIME (YTZ) STATION	DMA HH RTG	DMA HH SHR	IN MKT SHR	SHARE TREND FEB '03	SHARE TREND NOV '02	SHARE TREND JUL '02	SHARE TREND MAY '02	PERSONS 2+	PERSONS 12-24	PERSONS 12-34	PERSONS 18-34	PERSONS 18-49	PERSONS 21-49	PERSONS 25-54	PERSONS 35+	PERSONS 35-64	PERSONS 50+	WOMEN 18+	WOMEN 12-24	WOMEN 18-34	WOMEN 18-49	WOMEN 25-49	WOMEN 25-54	WOMEN WKG	MEN 18+	MEN 18-34	MEN 18-49	MEN 21-49	MEN 25-49	MEN 25-54	TNS 12-17	CHILD 2-11	CHILD 6-11	PERCENT DISTRIBUTION MET	PERCENT DISTRIBUTION HOME DMA	ADJACENT DMA #1	ADJACENT DMA #2	ADJACENT DMA #3	TV HH RATINGS IN ADJACENT DMA'S #1	TV HH RATINGS IN ADJACENT DMA'S #2	TV HH RATINGS IN ADJACENT DMA'S #3
1	2		7	8	9	10	11	12	13	15	17	18	19	20	21	22	23	24	25	26	27	28	29	31	32	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51
		MON.-SAT. 7:00P-10:00P & SUN. 6:00P-10:00P (CON'T)																																									
1	1	KDMD PX	<<				2	1									1		1	1	1		1													95	100						
4	8	KIMO A	4	9	14	8	12	7	9	2	2	2	2	3	3	3	3	3	3	3	2	2	3	3	3	3	2	2	2	2	2	2	1	2	2	67	100						
4	8	KIMO+ A	4	9	14	8	12	7	9	2	2	2	2	3	3	3	3	3	3	3	2	2	3	3	3	3	2	2	2	2	2	2	1	2	2	50	75						
5	10	KTBY F	4	8	14	9	6	7	9	3	2	3	3	3	3	3	2	2	1	3	2	4	4	4	4	3	2	3	3	3	3	3	2	3	3	79	91						
10	22	KTUU N	11	23	38	23	24	16	26	6	4	5	6	7	7	8	8	9	9	9	4	7	8	9	10	9	6	5	6	6	6	6	3	2	2	67	100						
7	15	KTVA C	7	15	25	14	16	8	15	4	2	2	3	4	4	5	7	7	8	6	3	3	5	5	6	6	4	2	4	4	4	4	1	2	2	70	100						
3	5	KYES UP	3	6	10	6	6	6	8	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	3	3	3	3	2	1	1	63	100						
1	3	TNT	1	2		2	NR	4	2	1				1	1	1	1	1	1	1			1	1	1	1	1		1	1	1	1											
48		H/P/T.*	48		29	51	49	41	46	29	20	24	27	32	33	34	38	37	40	38	21	30	35	36	38	37	31	24	30	31	32	31	17	16	17								
		SUN.-SAT. 8:00P-10:00P																																									
2	3	KAKM P	2	4		4	4	3	2	1	1			1	1	1	1	1	1	1	1		1	1	1	1	1		1	1	1	1	1			69	100						
1	1	KDMD PX	1	1	2	1	1	2	1								1	1	1	1	1		1	1	1	1										93	100						
4	8	KIMO A	4	9	14	9	12	7	9	3	2	2	2	3	3	3	4	3	3	4	2	2	3	4	4	3	2	2	2	2	3	2	2	2	2	67	100						
4	8	KIMO+ A	4	9	14	9	12	7	9	3	2	2	2	3	3	3	4	3	3	4	2	2	3	4	4	3	2	2	2	2	3	2	2	2	2	51	76						
4	8	KTBY F	3	6	10	8	5	6	7	2	2	2	3	3	3	3	2	2	1	2	2	3	3	3	3	3	2	2	2	2	3	2	2	2	2	80	92						
12	24	KTUU N	12	25	40	24	25	16	28	7	3	5	6	8	8	9	10	10	11	11	4	7	9	11	11	11	7	5	6	7	7	7	3	2	2	67	100						
8	17	KTVA C	9	17	28	16	17	8	15	5	2	3	3	5	5	6	8	7	10	7	3	4	6	6	7	6	5	3	4	4	5	5	1	2	2	69	100						
3	6	KYES UP	3	6	10	5	5	5	8	2	3	3	3	3	2	2	2	2	1	2	3	3	2	2	2	2	2	3	3	3	3	3	2	1	1	71	100						
1	2	TNT	1	2		2	NR	4	2	1				1	1	1	1	1	1	1			1	1	1	1	1		1	1	1	1											
49		H/P/T.*	50		31	52	50	42	48	30	21	25	29	34	34	36	40	39	41	40	22	31	37	38	40	39	32	26	31	32	34	33	17	15	16								
		SUN.-SAT. 10:00P-10:30P																																									
1	2	KAKM P	1	3		3	5	2	3	1	1			1	1	1	1	1	1	1			1	1	1	1	1		1	1	1	1	1			46	100						
<<		KDMD PX	<<																																								
1	2	KIMO A	1	4	5	2	5	2	5	1							1	1	2	1			1	1	1	1	1									50	100						
1	2	KIMO+ A	1	4	5	2	5	2	5	1							1	1	2	1			1	1	1	1	1									31	63						
2	5	KTBY F	3	7	10	7	5	3	3	2	1	2	3	3	3	2	2	2	1	2	2	4	3	3	3	2	2	2	2	2	3	2		1		49	91						
18	43	KTUU N	17	40	60	43	40	38	42	9	2	4	6	11	11	13	15	14	15	13	4	7	12	13	14	15	10	5	9	10	11	11	2		1	75	100						
6	13	KTVA C	5	11	17	8	10	7	10	3	1	1	2	3	3	4	5	5	5	4	1	2	4	4	5	3	3	1	3	3	4	4				85	100						
2	5	KYES UP	2	6	9	5	5	6	9	1		1	1	1	1	2	2	2	3	2			1	2	2	2	2	1	1	1	2	2	1			67	100						
1	3	TNT	1	3		2	NR	2		1			1	1	1	1	1	1		1	1	1	1	1	1	1	1	1	1	1	1	1											
42		H/P/T.*	42		28	43	38	40	41	23	10	16	20	28	29	31	34	34	35	32	13	22	30	32	34	32	28	16	26	27	29	29	7	5	5								
		SUN.-SAT. 9:00A-MID.																																									
1	3	KAKM P	1	3		4	4	4	3								1	1	1	1																58	100						
<<		KDMD PX	<<																																								
2	6	KIMO A	2	7	13	6	9	6	7	1	1	1	1	1	1	1	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1		1	67	100						
2	6	KIMO+ A	2	7	13	6	9	6	7	1	1	1	1	1	1	1	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1		1	48	71						
2	7	KTBY F	2	6	12	7	7	5	6	1	1	1	1	1	1	1	1	1	1	1	1	2	2	1	1	1	1	1	1	1	1	1	1	1	1	74	92						
6	21	KTUU N	6	22	42	23	23	21	26	3	2	2	3	4	4	4	5	4	5	5	2	3	4	4	5	4	3	2	3	3	3	3	1	1	1	67	100						
3	11	KTVA C	3	12	23	10	14	8	11	2		1	1	1	2	2	3	2	4	3	1	1	2	2	2	2	2	1	1	1	1	1				69	100						
1	5	KYES UP	2	6	11	5	5	6	8	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1			68	100						
1	3	TNT	1	2		2	NR	2	2								1	1	1								1		1	1	1	1											
28		H/P/T.*	28		14	30	28	26	27	15	10	12	14	16	16	17	20	18	22	20	11	15	17	18	18	17	16	12	14	15	15	15	8	8	8								
		SUN.-SAT. 7:00A-1:00A																																									
1	3	KAKM P	1	3		4	4	4	3								1	1	1															1		56	100						
<<		KDMD PX	<<																																								
2	6	KIMO A	2	7	13	6	9	6	7	1	1	1	1	1	1	1	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1			1	67	100						
2	6	KIMO+ A	2	7	13	6	9	6	7	1	1	1	1	1	1	1	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1			1	49	72						
2	6	KTBY F	1	6	11	6	6	5	6	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	74	92						
5	21	KTUU N	6	22	44	24	24	22	27	3	1	2	3	3	3	4	4	4	5	4	2	3	4	4	4	4	3	2	3	3	3	3	1	1	1	67	100						
3	11	KTVA C	3	11	22	9	13	7	10	1		1	1	1	1	2	2	2	3	2	1	1	2	2	2	2	1		1	1	1	1				69	100						
1	5	KYES UP	1	5	10	5	5	6	8	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1			68	100						
1	2	TNT	1	2		2	NR	2	2								1	1									1		1	1	1	1											
25		H/P/T.*	26		13	28	26	24	25	14	9	11	12	14	14	15	18	17	20	18	10	14	16	16	17	15	14	11	13	13	14	13	7	8	8								
		SUN.-SAT. 6:00A-2:00A																																									
1	3	KAKM P	1	3		4	4	4	3								1		1															1		57	100						
<<		KDMD PX	<<																																								
1	6	KIMO A	2	6	13	6	9	6	7	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1				67	100						
1	6	KIMO+ A	2	6	13	6	9	6	7	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1				48	72						
1	6	KTBY F	1	5	11	6	6	5	6	1	1	1	1	1	1	1	1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	74	92						
5	22	KTUU N	5	23	45	25	24	22	27	3	1	2	2	3	3	4	4	4	4	4	2	3	4	4	4	4	3	2	3	3	3	3	1	1	1	68	100						
3	11	KTVA C	3	11	21	9	13	8	10	1		1	1	1	1	2	2	2	3	2	1	1	1	2	2	2	1		1	1	1	1				70	100						
1	5	KYES UP	1	5	10	5	5	6	8	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1			68	100						
1	2	TNT	1	2		2	NR	2	2																						1												
24		H/P/T.*	24		12	26	24	22	23	13	8	10	11	13	13	14	17	15	18	17	9	13	15	15	16	14	13	10	12	12	13	12	7	7	7								
		SUN.-SAT. 5:00A-5:00A																																									
1	3	KAKM P	1	3		4	4	4	3																											57	100						
<<		KDMD PX	<<																																								
1	6	KIMO A	1	6	13	6	9	6	7	1				1	1	1	1	1	1	1			1	1	1	1	1		1	1	1	1				67	100						
1	6	KIMO+ A	1	6	13	6	9	6	7	1				1	1	1	1	1	1	1			1	1	1	1	1		1	1	1	1				48	72						
		CON'T...																																									
1	2		7	8	9	10	11	12	13	15	17	18	19	20	21	22	23	24	25	26	27	28	29	31	32	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51