CobbCorp MERGERS, ACQUISITIONS, INVESTMENT & MERCHANT BANKING

September 11, 2012

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Chief, Video Division
Media Bureau
Federal Communications Division
445 12th Street, S.W.
Washington, DC 20554

Re: Request for Continuance of Satellite Waiver
KELO-TV, Sioux Falls, South Dakota;
KDLO-TV, Florence, South Dakota;
KPLO, Reliance, South Dakota

I have been retained to supply you with information and opinion related to the continued operation of KDLO and KPLO as satellites of KELO. This letter addresses the feasibility of operating and marketing KDLO and KPLO as standalone operations rather than as satellites of KELO.

By way of background, I have more than 40 years of experience in the broadcast industry as an owner, general manager and broker of television stations. I am the founder and President of CobbCorp LLC, a nationally recognized full-service media brokerage and appraisal firm. During my career, I have been involved in the brokering of more full power television stations than any other individual.

The Commission has set out three criteria under which the FCC will presume that the common ownership of a main station and satellites would serve in the public interest:

1. There is no city grade overlap between the parent and the satellite stations;
2. The satellite stations would provide service to an underserved area;
3. No alternative operator is ready and able to construct or purchase the satellite to operate as a full service facility.

In regards to the first criterion, with the digital transition completed, there is no equivalent contour to the City Grade for waiver purposes. Nevertheless, the satellite waivers for these stations were granted at a time when the stations were operating with analog contours and were reaffirmed after the transition to digital transmission.

With respect to the second criterion, each of the communities of license of the two satellite stations is underserved by virtue of the fact that KDLO and KPLO are the only stations in their respective communities. There is not enough population in those communities to support another station or even support the current satellites if they were stand alone operations. Neither of the satellites would be able to garner a network affiliation from any of the major outlets since they are already in the Sioux Falls-Mitchell DMA as designated by Nielsen.

Regarding the third criterion, the Commission staff reviewed the facts surrounding these stations two years ago and determined that finding a buyer to operate the stations on a stand-alone basis was not a viable alternative. At that time, the stations were operating under the cover of bankruptcy protection and no plan or proposal by anyone even contemplated operating the satellites as standalone operations. Although the veil of bankruptcy has been lifted, the underlying facts regarding these stations and the markets they serve have not changed.

KELO-TV and the two satellites serve the Sioux Falls-Mitchell DMA. KELO has served the community for almost 60 years signing on in 1953. Just a few years after sign on, the owners realized that this vast sparsely populated DMA could not be adequately served without satellite stations to reach the underserved areas. KDLO signed on in 1955 and KPLO in 1957. Both stations have operated as satellites since then. The Sioux Falls-Mitchell DMA is geographically one of the largest DMA markets in America consisting of 60 counties in four states. The other stations that have major network affiliations are all licensed to Sioux Falls and each have satellites to serve the outlying market. In fact, it would be hard for any of the stations to adequately serve the DMA without them.
Because the population outside of Sioux Falls is so rural, none of the outlying areas would be adequately served by major affiliates that provide local and regional news. A stand alone rural station in any of the small communities could not support such a service.

Without the ability for these satellite stations to enter into an affiliation agreement with any of the major networks and a population base too small to receive meaningful advertising revenue, they would be hard pressed to survive let alone provide local news to their community. Additionally, KELO without their added coverage would be handicapped to compete with the other Sioux Falls affiliates and provide the level of service that they have historically provided.

I do not envision a scenario in which these satellites could survive as standalone stations. In fact, if asked to market either of them for sale as a standalone, I would respectfully decline.

For all of the reasons related above as well as the historical success of KELO in providing excellent community service to the entire DMA, I would recommend reaffirming KDLO and KPLO as satellites of KELO.

Sincerely,

B E Cobb

Brian E. Cobb