Exhibit 15
FCC Form 314
Section III, Item 6(b)
Multiple Ownership

This application requests the Commission's consent to the voluntary assignment to the assignee, Barrington Broadcasting LLC ("Barrington"), of the licenses for commercial television stations WPBN-TV in Traverse City, Michigan (Facility I.D. No. 21253) and WTOM-TV in Cheboygan, Michigan (Facility I.D. No. 21254). Because the stations are located in the same Designated Market Area ("DMA"), known as the Traverse City -- Cadillac DMA, Section 73.3555(b) of the Commission's Rules prohibits a single entity from holding licenses for both of those stations. The Assignor, WPBN/WTOM License Subsidiary, LLC, was given permission to hold the licenses for both of those stations because WTOM-TV is a "satellite" of WPBN-TV and the Commission made a finding in favor of allowing the Assignor to operate WTOM-TV as a satellite of WPBN-TV in accordance with the provisions of Note 5 to Section 73.3555 (see the discussion at Paragraph B of this Exhibit 15, below).

Barrington hereby requests that the Commission find that a continuation of WTOM-TV's status as a satellite of WPBN-TV under Barrington's licensure of both stations would serve the public interest in accordance with Note 5 to Section 73.3555.

In *Television Satellite Stations/Review of Policy and Rules, Report and Order in MM Docket No. 87-8*, 6 FCC Rcd 4212 (1991) (the "*Satellite Policy Statement*"), the Commission held that " . . . all applicants seeking to transfer or assign satellite stations in the future [will be required] to demonstrate that the conditions warranting satellite status under this Order prevail at the time of transfer or assignment." *Id*. at Para. 24, 6 FCC Rcd at 4215.

The *Satellite Policy Statement* declared that a rebuttable presumption in favor of the continuation of an existing parent/satellite relationship between two stations that are the subject of an application for the Commission's consent to the assignment of the licenses for such stations or a transfer of control of the holder of such licenses arises if the applicant demonstrates that three conditions exist, as follows:

(a) that there is no overlap between the predicted "city-grade" field intensity signal coverage contours of the parent station and the satellite station;

(b) that the station whose existing satellite status is proposed to continue under the new owner provides service to an underserved area (which the *Satellite Policy Statement* further defines as meaning, *inter alia*, that the satellite station's community of license has two or fewer full-service television stations licensed to it); and

(c) that there is no alternative operator who would not present a conflict with the Commission's multiple ownership restrictions ready and able to purchase and operate the satellite station as a full-service station.

Id. at Paras. 18-20, 6 FCC Rcd at 4214-15.

Barrington submits respectfully that it qualifies for the presumption described above, and in support offers the following:

1. The Engineering Statement of Jeremy D. Ruck of the firm of D. L. Markley & Associates, Inc. in Peoria, Illinois, dated April 4, 2006. Mr. Ruck is Barrington's consulting engineer. Mr. Ruck's Engineering Statement avers that there is no overlap between the city grade contours of WPBN-TV and WTOM-TV, which satisfies the first part of the three-part test to determine if Barrington is entitled to a presumption favoring continued operation of WTOM-TV as a satellite of WPBN-TV.

2. Mr. Ruck's Engineering Statement also states that there are no other full power television stations within the DMA that are licensed to Cheboygan. This satisfies the second part of the analysis.

3. Attached hereto is a letter to the Commission's staff from Brian E. Cobb of CobbCorp, LLC of Naples, Florida, dated April 5, 2006. Mr. Cobb's letter establishes his qualifications, which include 35 years of experience in owning, managing, and brokering broadcast stations, including serving as a past president of the National Association of Media Brokers and having been involved in the brokerage of more television stations over the past 18 years than any other broker. Mr. Cobb's letter includes the following professional observations and expert opinions:

i. The Traverse City – Cadillac DMA is a small television market ranked 113th in size but only 124th in revenues.

ii. There are only four commercial television stations in the DMA, and all of them operate satellite facilities in order to cover the geographically-extended market.

iii. The major population in the DMA is in the cities of Traverse City and Cadillac, neither of which is covered by the signal of WTOM-TV.

iv. If the owner of WTOM-TV were to try to operate that station as an independently-programmed, "stand-alone" station, rather than as a satellite of WPBN-TV, WTOM-TV would not be able to affiliate with one of the four major television networks and most likely would not survive.

v. If requested to do so, Mr. Cobb's firm would decline to market WTOM-TV as a stand-alone station, due his negative view of the opportunities for success of such an undertaking.

As further background, Barrington also appends to this Exhibit 15 the following additional reference materials:

A. A copy of the Commission's staff's letter of September 24, 1996 to counsel for Federal Enterprises, Inc. and for Raycom Media, Inc., in which the staff found, *inter alia*, that the continued operation of WTOM-TV as a satellite of WPBN-TV, following the transfer of control of the licensee of those stations, would serve the public interest, based in part upon a submission by Mr. Cobb whose excerpts recited in the letter appear to track in large measure his attached letter of April 5, 2006.

B. A copy of the *Memorandum Opinion and Order in John E. Hayes and William C. Zortman (Transferors), et al.*, DA 98-863, adopted May 6, 1998 and released May 7, 1998 (Chief, Mass Media Bureau), in which the Commission's staff again found that the continued operation of WTOM-TV as a satellite of WPBN-TV, following a further transfer of control of the licensee of those stations, would serve the public interest, again based in part upon a submission by Mr. Cobb. *Id*., at Paras. 21-27.

C. A copy of Mr. Cobb's letter to the Commission dated December 17, 1997, upon which the Mass Media Bureau Chief relied in part in the *Memorandum Opinion and Order* in *John E. Hayes and William C. Zortman (Transferors)*, *supra*, which tracks in large measure his attached letter of April 5, 2006.

In conclusion, Barrington respectfully submits that the core circumstances that have supported the operation of WTOM-TV as a satellite of WPBN-TV have not changed since the Commission's findings in its 1996 letter ruling and its 1998 *Memorandum Opinion and Order* cited above, and that the materials submitted with this Exhibit 15 demonstrate that the continued operation of WTOM-TV as a satellite of WPBN-TV is entitled to the presumption under the *Satellite Policy Statement* as serving the public interest.

Engineering Statement

The following engineering statement and attached exhibits have been prepared for Barrington Broadcasting, LLC and pertain to the acquisition of WPBN-TV at Traverse City, Michigan and WTOM-TV at Cheboygan, Michigan.

WPBN-TV and WTOM-TV are both located within the Traverse City-Cadillac, Michigan DMA. Currently WTOM-TV is operated as a satellite facility of WPBN-TV. Following the acquisition of these two facilities, Barrington would continue this arrangement. Although both would be in the same DMA, there is no overlap of the city grade contours as demonstrated on the attached map.

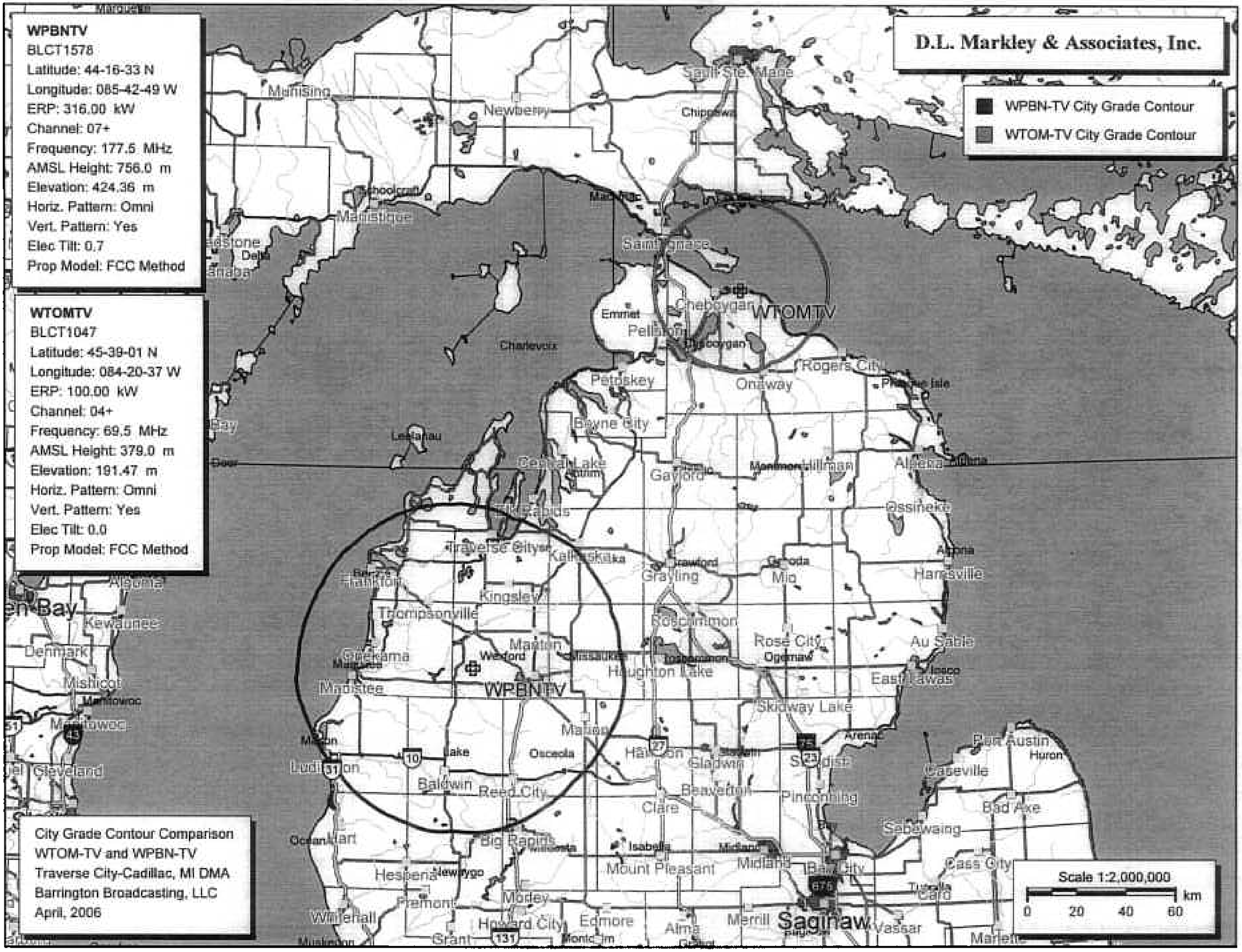
It is believed that the continuation of this arrangement would be in the public interest. It is believed that this arrangement would be beneficial as there are no other full power television stations within the DMA which are licensed to Cheboygan. In addition, the city of Cheboygan does not lie entirely within the city grade contour of any other full power television station as indicated by the second map attached to this statement.

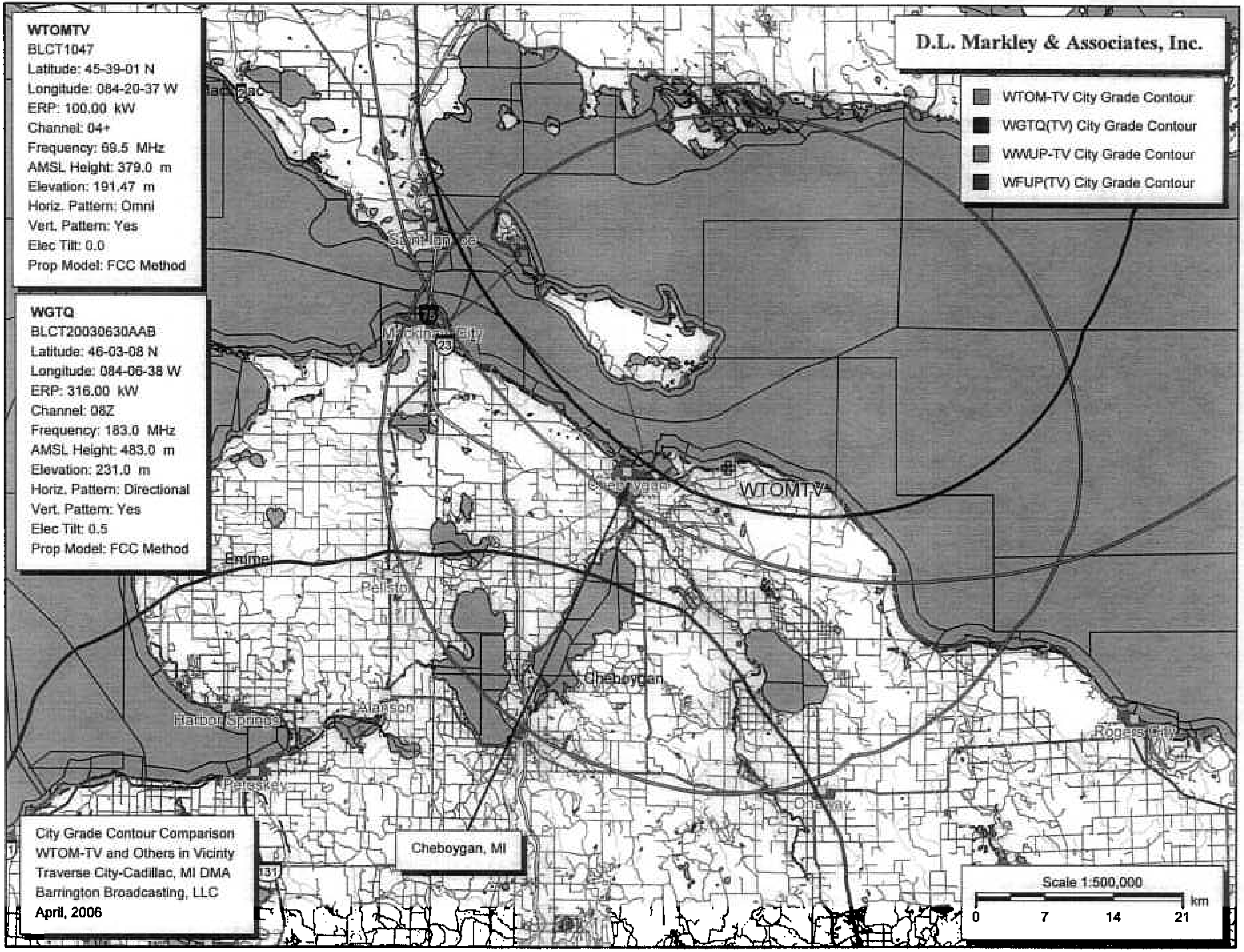
It is therefore respectfully submitted that the continued operation of WTOM-TV at Cheboygan, Michigan as a satellite of WPBN-TV at Traverse City would be in the public interest.

The preceding statement and attached exhibits have been prepared by me, or under my direction, and are true and accurate to the best of my belief and knowledge.

4/4/06
Date

Jeremy D. Ruck, Consulting Engineer


D.L. Markley & Associates, Inc.
WPBN-TV City Grade Contour
WTOM-TV City Grade Contour
WPBNTV
BLCT1578
Latitude: 44-16-33 N
Longitude: 085-42-49 W
ERP: 316.00 kW
Channel: 07+
Frequency: 177.5 MHz
AMSL Height: 756.0 m
Elevation: 424.36 m
Horiz. Pattern: Omni
Vert. Pattern: Yes
Elec Tilt: 0.7
Prop Model: FCC Method
WTOMTV
BLCT1047
Latitude: 45-39-01 N
Longitude: 084-20-37 W
ERP: 100.00 kW
Channel: 04+
Frequency: 69.5 MHz
AMSL Height: 379.0 m
Elevation: 191.47 m
Horiz. Pattern: Omni
Vert. Pattern: Yes
Elec Tilt: 0.0
Prop Model: FCC Method
City Grade Contour Comparison
WTOM-TV and WPBN-TV
Traverse City-Cadillac, MI DMA
Barrington Broadcasting, LLC
April, 2006
Scale 1:2,000,000
0
20
40
60
km
WTOMTV
WPBNTV
Munising
Newberry
Manistique
Charlevoix
Emmet
Pellston
Cheboygan
Petoskey
Onaway
Rogers City
Boyne City
Gaylord
Alpena
Ossineke
Harrisville
Grayling
Mio
Roscommon
Rose City
Au Sable
Houghton Lake
East Tawas
Kingsley
Thompsonville
Onekama
Manistee
Manton
Wexford
Osceola
Baldwin
Reed City
Big Rapids
Clare
Beaverton
Gladwin
Pinconning
Mount Pleasant
Midland
Saginaw
Vassar
Edmore
Alma
Merrill
Howard City
Grant
Whitehall
Fremont
Hesperia
Kewaunee
Denmark
Mishicot
Cleveland
Caseville
Bad Axe
Cass City
Port Austin
Huron
Leelanau
Skidway Lake



WTOMTV
BLCT1047
Latitude: 45-39-01 N
Longitude: 084-20-37 W
ERP: 100.00 kW
Channel: 04+
Frequency: 69.5 MHz
AMSL Height: 379.0 m
Elevation: 191.47 m
Horiz. Pattern: Omni
Vert. Pattern: Yes
Elec Tilt: 0.0
Prop Model: FCC Method
WGTQ
BLCT20030630AAB
Latitude: 46-03-08 N
Longitude: 084-06-38 W
ERP: 316.00 kW
Channel: 08Z
Frequency: 183.0 MHz
AMSL Height: 483.0 m
Elevation: 231.0 m
Horiz. Pattern: Directional
Vert. Pattern: Yes
Elec Tilt: 0.5
Prop Model: FCC Method
D.L. Markley & Associates, Inc.
WTOM-TV City Grade Contour
WGTQ(TV) City Grade Contour
WWUP-TV City Grade Contour
WFUP(TV) City Grade Contour
WTOMTV
Cheboygan
Pellston
Alanson
Harbor Springs
Petoskey
Cheboygan, MI
City Grade Contour Comparison
WTOM-TV and Others in Vicinity
Traverse City-Cadillac, MI DMA
Barrington Broadcasting, LLC
April, 2006
Scale 1:500,000
0 7 14 21 km

CobbCorp, LLC

800 Laurel Oak Dr., Suite 210 • Naples, Florida 34108
202-478-3737 • Facsimile: 239-596-0660

April 5, 2006

Mr. Clay C. Pendarvis
Chief-Television Branch
Federal Communications Commission
Room 2-A662
445 12th Street S.W.
Washington, DC 20554

Re: Application for continuation of satellite status of WTOM-TV licensed to Cheboygan, Michigan

Dear Mr. Pendarvis:

In regard to the assignment application, I have been requested to comment on the continued operation of WTOM-TV as a satellite of WPBN-TV licensed to Traverse City, Michigan. This letter addresses the feasibility of operating and marketing the satellite station as a full service stand alone operation versus continuing to use WTOM as a satellite of WPBN.

By way of background, I have over thirty-five years of experience in the broadcast industry as an owner, manager and broker of broadcast properties. I am President of CobbCorp, a media brokerage and merchant banking firm specializing in television station transactions. I was a founding partner of Media Venture Partners, a nationally recognized media brokerage firm, and I was responsible for the appraisal and brokerage of television stations for Media Venture Partners. Over the past eighteen years, I have been involved in the brokerage of more television stations than any other broker. I am a past president of the National Association of Media Brokers, in addition to belonging to NAPTE.

I am qualified to opine on whether WTOM in Cheboygan is capable of functioning as a full service independently operated station in the Traverse City- Cadillac DMA. I was the broker of record in a previous transaction involving these stations and have rendered a prior opinion in a later assignment application as to the viability of WTOM as a stand alone.

Since I last submitted my opinion to the FCC, dated Dec. 17, 1997, regarding this matter I have not discerned any material changes in the market or the stations that would warrant changing the satellite status of WTOM. The major population of the DMA is in the major cities in the market, Traverse City and Cadillac. The remainder of the population is scattered in small communities extending up to the Canadian Border. The market is composed of four commercial competitors. All of them operate satellite facilities to cover the extended market. Without satellite status, the outlying towns would be underserved. Also, the owners of WPBN would be at a competitive disadvantage to the others if they were not permitted to continue broadcasting on equal footing.

Traverse City-Cadillac is a small television market ranking as the 113th DMA, but according to BIA, is estimated to be only 124th in revenue. If the owners of WTOM attempted to operate as a standalone, in my opinion it most likely would not survive. It would be unable to affiliate with one of the big four networks and could not garner significant viewers against major competition. Additionally, the signal would not cover the two major cities in the market.

It continues to be my opinion that WTOM would not be financially viable without the programming and news coverage of the parent station. If the owners were forced to sell it, it is my opinion that there would not be a viable purchaser for the station since the prospect for success would be so dubious.

WTOM as a satellite supplies much needed programming to the sparsely populated outlying areas provided with the efficiency of programming from WPBN. WTOM is a good example of why some stations should be satellites. It provides free over the air service to outlying communities, which otherwise would be deprived of such service because they could not economically support and sustain a stand alone station.

If requested, our firm would decline marketing WTOM as a full-service station as our client's opportunity for success would be questionable.

Sincerely,

Brian E. Cobb
President

Federal Communications Commission
Washington, D.C. 20554

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SEP 2 4 1996

1800E1-KBC

Federal Enterprises, Inc.
c/o William S. Reyner, Jr., Esq.
Hogan & Hartson
555 Thirteenth Street, N.W.
Washington, DC 20004-1109

Raycom Media, Inc.
c/o John E. Fiorini III, Esq.
Gardner, Carton & Douglas
1301 K Street, N.W.
Suite 900, East Tower
Washington, DC 20005

Re: WLUC-TV, Channel 6, Marquette, Michigan;
W05AQ, Channel 5, Calumet, Michigan;
W70AZ, Channel 70, L'Anse, Michigan;
W14CE, Channel 14, Escanaba, Michigan;
W07DB, Channel 7, Marquette, Michigan;

WPBN-TV, Channel 7, Traverse City, Michigan;
WTOM-TV, Channel 4, Cheboygan, Michigan
(Satellite of WPBN(TV));
WSTM-TV, Channel 3, Syracuse, New York;
KTVO, Channel 3, Kirksville, Missouri;
WDAM-TV, Channel 7, Laurel, Mississippi;
KNDO(TV), Channel 23, Yakima, Washington;
KNDU(TV), Channel 25, Richland, Washington
(Satellite of KNDO(TV))

File Nos. BTCCT-960718IB
BTCTTV-960718IH,IK
BTCTT-960718IJ,II

BTCCT-960718IC-IG
BTCCT-960718IL-IM

Gentlemen:

This is in reference to the unopposed application of Federal Enterprises, Inc. (FEI) to transfer control of the licensees of the above-captioned television stations, and their associated translator stations, to Raycom Media, Inc. (Raycom).[1] Pursuant to their Agreement and Plan of Merger, Raycom Media Subsidiary II, Inc. (Raycom II), which is a wholly-owned subsidiary of Raycom, will be merged into FEI. Upon completion of the transaction, FEI will survive and become a wholly-owned subsidiary of Raycom.[2]

Station WTOM(TV), Cheboygen, Michigan, is authorized to operate as a satellite of station WPBN(TV), Traverse City, Michigan; and station KNDU(TV), Richland, Washington is authorized to operate as a satellite of station KNDO(TV), Yakima, Washington. Raycom proposes to continue satellite operation of the stations and requests grant of the applications pursuant to the exception to the duopoly prohibition for satellite operations as set forth in Note 5 of Section 73.3555 of the Commission's Rules.

In *Television Satellite Stations Review of Policy and Rules*, 6 FCC Rcd 4212, 4215 (1991), *on reconsideration Second Further Notice of Proposed Rule Making* in MM Docket No. 87-8, 6 FCC Rcd 5010 (1991), *on further reconsideration Review of the Commission's Regulations Governing Television Broadcasting*, 10 FCC Rcd 3524 (1995), the Commission established the requirement that all applicants seeking to transfer or assign satellite stations justify continued satellite status by demonstrating compliance with the three-part "presumptive" satellite exemption standard applicable to new satellite stations. Alternately, applicants may demonstrate that there exist "other compelling circumstances" to warrant continued satellite authorization. The presumptive satellite exemption is met if three public interest criteria are satisfied. They are: (1) there is no City Grade contour overlap between the parent and 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 proposed satellite as a full-service station. *See Television Satellite Stations*, 6 FCC Rcd at 4213-14.

KNDO(TV)/KNDU(TV)

Less than one year ago, as part of its approval of the transfer of control of Columbia Broadcasting Corp., licensee of stations KNDO(TV) and KNDU(TV), to FEI, the Commission considered and approved the continued satellite operation of KNDU(TV). *See* Letter from Barbara A. Kreisman, Chief, Video Services Division, to Farragut Communications, Inc. and Federal Enterprises, Inc. (December 12, 1995). We found that KNDU(TV) qualified for a presumptive satellite exemption because it satisfied the three-part criteria: (1) the City Grade

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[1] The licensees are as follows: WLUC License Subsidiary, Inc.; WPBN/WTOM License Subsidiary, Inc.; WSTM License Subsidiary, Inc.; KTVO License Subsidiary, Inc.; WDAM License Subsidiary, Inc.; KNDO/KNDU License Subsidiary, Inc.

[2] Raycom is currently the licensee of station WJTV(TV), Jackson, Mississippi, and its satellite station, WHLT(TV), Hattiesburg, Mississippi. The Grade B contours of WJTV(TV) and WHLT(TV) overlap the Grade B contour of WDAM-TV, one of the stations involved in the instant transaction. On August 23, 1996, Raycom filed an application to transfer control of WDAM-TV to Media Broadcasting Group, Inc. (See FCC File No. BTCCT-960823IV). Raycom states that, immediately upon consummation of the instant transaction, it will effect a transfer of control of WDAM-TV to Media Broadcasting Group, Inc.

contours of KNDU(TV) and KNDO(TV) did not overlap; and (2) since KNDU(TV) was the only television station licensed to Richland, Richland qualified as an underserved area. *See Television Satellite Stations*, 6 FCC Rcd at 4215.

In support of the third part of the presumptive satellite exemption, FEI submitted a letter from Brian Cobb, a partner in Media Venture Partners, a recognized media brokerage and appraisal firm. In that letter, Mr. Cobb stated that, because a single station is unable to achieve adequate coverage of the entire Yakima-Richland-Pasco Designated Market Area (DMA), all of the other stations in the market are operated as satellites of the Yakima stations. He further claimed that, if KNDU(TV) were converted to a full service station, it would be at a competitive disadvantage to the other stations that have satellites and probably financially unsuccessful. In addition, he stated, even if KNDU(TV) was able to serve a greater portion of the market, it would have no prospect of garnering a network affiliation agreement with any meaningful compensation. Finally, Mr. Cobb asserted that none of the stations' prospective buyers expressed any interest in purchasing either of the stations separately, reaffirming his opinion that the stations needed to be operated in synergy to fully serve the area.

In the instant application, Raycom submits that there have been no material changes in the facts since the Commission's decision. Raycom has submitted a letter from Mr. Cobb, which confirms his earlier conclusions concerning the unavailability of alternative operators for KNDU(TV). Mr. Cobb reasserts his familiarity with the Yakima-Richland-Pasco and surrounding markets, and states that, to his knowledge, there have been no significant changes in the market that would justify operating KNDU(TV) as a stand alone station. Mr. Cobb concludes that KNDU(TV) must continue to operate as a satellite of KNDO(TV) in order to survive and provide service to its community. Based upon our review of the information submitted, we find that KNDU(TV) continues to satisfy the presumptive satellite exemption standard.

WPBN-TV/WTOM-TV

Raycom asserts that WTOM-TV also qualifies for a presumptive satellite exception because it meets the criteria of the Commission's policy. First, a review of the authorized facilities of the stations demonstrates that the City Grade contours of WPBN-TV and WTOM-TV do not overlap. Second, WTOM-TV is the only television station licensed to Cheboygen, Michigan. Accordingly, under the Commission's "transmission test," Cheboygen qualifies as an underserved area. *Television Satellite Stations*, 6 FCC Rcd at 4215.

Raycom submits the statement of Mr. Cobb to demonstrate that WTOM-TV satisfies the third criteria of the Commission's test. Mr. Cobb states that, since he is serving as the broker for the sale of WTOM-TV and WPBN-TV, he is familiar with the stations and with the competitive environment in the Traverse City-Cadillac DMA. He asserts that the DMA contains two major cities, Traverse City and Cadillac, and a plethora of small cities which extend up to the Canadian border. Mr. Cobb states that there are four competitors in the market, all of whom possess additional facilities to cover the expansive market. Mr. Cobb contends that, without satellite status, much of the area would go unserved. He further asserts that, without WTOM-TV, WPBN-TV would be at a competitive disadvantage to the other stations in the DMA who have satellites. Finally, Mr. Cobb avers that WTOM-TV could not financially survive without support of its parent station in Traverse City, and it would not, therefore, be attractive to a responsible owner as a stand alone station. He states that his firm would decline to market WTOM-TV to its clients knowing that its financial success would be in question. Based on the information submitted, we find that WTOM-TV also satisfies the three-part presumptive satellite exemption standard.

CONCLUSION

Based upon our review of the facts presented, we conclude that allowing continued operation of KNDU(TV) as a satellite of KNDO(TV), and WTOM-TV as a satellite of WPBN-TV, would serve the public interest. Accordingly, continued television satellite authorization for stations KNDU(TV) and WTOM-TV pursuant to Note 5 of Section 73.3555, IS GRANTED. Furthermore, having determined that the applicants are qualified in all respects, and that grant of the application would serve the public interest, convenience and necessity, the application to transfer control of the licensees of the above-captioned television stations to Raycom, IS GRANTED, subject to the following condition: immediately upon the consummation of the instant transaction, Raycom shall effect a transfer of control (BTCCT-960823IV) of WDAM-TV to Media Broadcasting Group, Inc.

Sincerely,

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

Before the
Federal Communications Commission
Washington, D.C. 20554

In re Applications of	)	
	)	
JOHN E. HAYES and	)	
WILLIAM C. ZORTMAN	)	
(Transferors)	)	
	)	
and	)	
	)	
JOHN E. HAYES, WILLIAM C. ZORTMAN	)	
and Qualifying Employees Under the	)	
1997 Raycom Media Restricted Stock Plan	)	
(Transferees)	)	
	)	
For Consent to the Transfer of	)	
Control of Raycom Media, Inc.,	)	
Controlling Corporation of the	)	
Licensees of:	)	
	)	
KFVS-TV, Cape Girardeau, MO	)	BTCCT-971223PA
KWWL(TV), Waterloo, IA	)	BTCCT-971223PB
WAFB(TV), Baton Rouge, LA	)	BTCCT-971223PC
WAFF(TV), Huntsville, AL	)	BTCCT-971223PD
WTOC-TV, Savannah, GA	)	BTCCT-971223PE
WTVM(TV), Columbus, GA	)	BTCCT-971223PF
KOLD-TV, Tucson, AZ	)	BTCCT-971223PG
KSLA-TV, Shreveport, LA	)	BTCCT-971223PH
WMC-TV, Memphis, TN	)	BTCCT-971223PK
WUPW(TV), Toledo, OH	)	BTCCT-971223PL
WACH(TV), Columbia, SC	)	BTCCT-971223PM
KSFY-TV, Sioux Falls, SD	)	BTCCT-971223PN
KABY-TV, Aberdeen, SD	)	BTCCT-971223PP
KPRY-TV, Pierre, SD	)	BTCCT-971223PQ
WTNZ(TV), Knoxville, TN	)	BTCCT-971223PR
WTVR-TV, Richmond, VA	)	BTCCT-971223PS
WECT(TV), Wilmington, NC	)	BTCCT-971223PT
KNDO(TV), Yakima, WA	)	BTCCT-971223PU
KNDU(TV), Richland, WA	)	BTCCT-971223PV
KTVO(TV), Kirksville, MO	)	BTCCT-971223PW
WDAM-TV, Laurel, MS	)	BTCCT-971223PX
WLUC-TV, Marquette, MI	)	BTCCT-971223PY
WPBN-TV, Traverse City, MI	)	BTCCT-971223PZ

WTOM-TV, Cheboygan, MI	)	BTCCT-971223QA
WSTM-TV, Syracuse, NY	)	BTCCT-971223QB
WMC(AM), Memphis, TN	)	BTC-971223PI
WMC-FM, Memphis, TN	)	BTCH-971223PJ

MEMORANDUM OPINION AND ORDER

Adopted: May 6, 1998 **Released: May 7, 1998**

By the Chief, Mass Media Bureau:

1. The Commission, by the Chief, Mass Media Bureau, acting pursuant to delegated authority, has before it the above-captioned, unopposed applications seeking consent to the transfer of control of Raycom Media, Inc. (Raycom), which controls the corporate licensees of the above-referenced stations, from John E. Hayes and William C. Zortman (Transferors), each of whom presently has a 50 percent voting interest in Raycom, to John E. Hayes, William C. Zortman and qualifying employees under the 1997 Raycom Media Restricted Stock Plan (Stock Plan). This proposed transfer of control transaction is atypical in that it involves the Transferors' relinquishment of negative control of Raycom, which will occur when additional common voting stock is issued to a number of Raycom's existing, qualifying employees (Raycom Employees), none of whom currently holds any stock in the company. In accordance with the Stock Plan, the number of issued and outstanding shares of common voting stock in Raycom will increase and, though Hayes and Zortman will receive additional shares of stock, their voting interests will decline to 17.5 percent and 13 percent, respectively. Notwithstanding this decrease in their ownership interest, the Transferors will remain the largest voting, and only attributable, shareholders of Raycom. None of the Raycom Employees will hold a five percent or greater voting interest in the company, although they collectively will hold approximately 69.5 percent of Raycom's common voting stock. The parties maintain that, despite the Transferors' relinquishment of negative control of Raycom, the issuance of stock under the Stock Plan will not alter the management, operations or policies of any of the Raycom stations.[1]

2. Raycom controls the corporate licensees of 21 full-service television stations, four "satellite" television stations, one FM radio station and one AM radio station. Over the past two years, Raycom acquired 12 of these 27 broadcast stations pursuant to the grant of certain waivers and requests relating to the Commission's multiple ownership rules. Specifically, Raycom has previously been granted a conditional waiver of Section 73.3555(b), the Commission's duopoly rule, 47 C.F.R. § 73.3555(b), to allow the common ownership of KTVO(TV), Kirksville, Missouri (ABC, Channel 3), and KWWL(TV), Waterloo, Iowa (NBC, Channel 7), whose Grade

[1] We note here that, according to the parties, Mr. Zortman has resigned as a director and officer of Raycom.

B contours overlap.[2] Raycom has also received a permanent waiver of 47 C.F.R. § 73.3555(c), the Commission's one-to-a-market rule, which generally proscribes the common ownership of television and radio stations in the same market,[3] to permit its common ownership and operation of WMC-AM, WMC-FM and WMC-TV (NBC, Channel 5), Memphis, Tennessee.[4] Further, pursuant to Note 5 to Section 73.3555 of the Commission's rules, which exempts from application of the multiple ownership rules those television stations that are "satellite" operations, Raycom has received satellite exemption status for the following stations: (1) KABY-TV, Aberdeen, South Dakota, and KPRY-TV, Pierre, South Dakota, which operate as satellites of KSFY-TV (ABC, Channel 13), Sioux Falls, South Dakota;[5] (2) WTOM-TV, Cheboygan, Michigan, which operates as a satellite of WPBN-TV (NBC, Channel 7), Traverse City, Michigan; and (3) KNDU(TV), Richland, Washington, which operates as a satellite of KNDO(TV) (NBC, Channel 23), Yakima, Washington.[6] Now, to effect the proposed transfer of control, Raycom requests reaffirmation of its earlier-approved multiple ownership waivers, specifically a duopoly waiver for KTVO(TV) and KWWL(TV) conditioned on the outcome of the *Television Ownership Second Further Notice* and a permanent one-to-a-market waiver for WMC-AM, WMC-FM and WMC-TV. It also requests continued satellite exemption status for KABY-TV, KPRY-TV, WTOM-TV and KNDU(TV), so that it may maintain its common ownership of those stations.

3. ***Duopoly Waiver Request.*** Preliminarily, Raycom asserts that KTVO(TV) and KWWL(TV) continue to meet the Commission's interim policy on duopoly waivers, which formed the basis for the conditional grant of Raycom's initial duopoly waiver request for these stations in 1997, *supra* n.2. In this regard, Raycom points to its Technical Exhibit,[7] which

[2] *AFLAC Broadcasting Group, Inc.*, 12 FCC Rcd 3907 (1997). In *AFLAC*, the Commission granted Raycom a waiver of the duopoly rule conditioned upon the outcome of the Commission's pending broadcast television ownership rulemaking concerning the duopoly and other multiple ownership rules, *see Review of the Commission's Regulations Governing Television Broadcasting, Second Further Notice of Proposed Rule Making*, 11 FCC Rcd 21655 (1996) (*Television Ownership Second Further Notice*).

[3] Section 73.3555(c) of the Commission's rules prohibits the common ownership of radio and television stations in the same market if the 2 mV/m contour of an AM station or the 1 mV/m contour of an FM station encompasses the entire community of license of a television station or, conversely, if the Grade A contour of a television station encompasses the entire community of license of an AM or FM station. *See* 47 C.F.R. § 73.3555(c).

[4] The Commission granted a permanent one-to-a-market waiver in connection with Raycom's application to acquire control of Ellis Communications, Inc. (Elcom), which in turn controlled the corporate licensees of WMC-AM, WMC-FM and WMC-TV. *Kelso Partners IV, L.P.*, 11 FCC Rcd 8764 (1996) (*Raycom I*).

[5] *Id.*

[6] Letter from Chief, Video Services Division, to Federal Enterprises, Inc. and Raycom Media, Inc. (Sept. 24, 1996).

[7] Raycom has filed in this case the same Technical Exhibit which was filed as part of the record in the Commission's March 1997 decision, *supra* n.2.

demonstrates that the stations' Grade A contours do not overlap, while the overlap of their predicted Grade B contours encompasses 636 square kilometers and 4,598 people. This overlap represents 1.8 percent of the area and 1.3 of the population within KTVO(TV)'s predicted Grade B contour, and 1.4 percent of the area and .05 percent of the population within KWWL(TV)'s predicted Grade B contour. According to Raycom, though not *de minimis*, the Grade B overlap falls well within the range of those approved by the Commission in granting previous waivers. Raycom further maintains that KTVO(TV) and KWWL(TV), whose respective communities of license are in different states and approximately 133 miles apart, serve separate and distinct markets. Whereas KTVO(TV) is located in the Ottumwa-Kirksville, Missouri Designated Market Area (DMA), the 200th largest DMA, KWWL(TV) is located in the Cedar Rapids-Waterloo-Dubuque, Iowa DMA, the 87th largest DMA.

4. Raycom contends that, in addition to meeting the Commission's interim duopoly policy, its continued common ownership of KTVO(TV) and KWWL(TV), which are separate network affiliates, will not adversely affect competition and diversity in the overlap area. As to diversity, nine other television stations continue to provide service to all or part of the overlap area, with the entire overlap area receiving service from a minimum of three and a maximum of seven other television stations. Furthermore, Raycom states, it will maintain separate management, programming and sales operations, including a general manager and local staff, for each station so that they will continue to operate independently of one another.

5. *Discussion.* In adopting the duopoly rule's fixed standard of a prohibited overlap of Grade B service contours, the Commission also acknowledged the need for "flexibility" in that rule's application, noting that waivers should be granted where rigid conformance to the rule would be "inappropriate." *Multiple Ownership of Standard, FM and Television Broadcast Stations*, 45 FCC 2d 1476, 1479 n.12, *recon. granted in part*, 3 RR 2d 1554 (1964). To that end, the Commission has developed a set of factors to be considered when evaluating an applicant's request for waiver of the duopoly rule, including the extent of the overlap, the number of media voices available in the overlap area, the distinctiveness of the respective markets, the independence of the stations' operations, and the concentration of economic power resulting from the combination. *See Iowa State University Broadcasting Corporation*, 9 FCC Rcd 481, 487-88 (1993), *aff'd sub nom. Iowans for WOI-TV, Inc. v. FCC*, 50 F.3d 1096 (D.C. Cir. 1995); *H&C Communications, Inc.*, 9 FCC Rcd 144, 146 (1993). After weighing the factors, the Commission considers any public interest benefits proposed by the applicant to determine whether, in light of the overlap, the benefits outweigh any detriment which may occur from grant of the waiver. *See, e.g., Iowa State University*, 9 FCC Rcd at 487-88. As with any waiver, it will only be granted if the Commission concludes that the waiver is in the public interest.

6. Currently, the Commission is reexamining its broadcast television ownership policies, including the duopoly rule. In January 1995, the Commission proposed a new analytical framework within which to evaluate its broadcast television ownership rules. *See Review of the Commission's Regulations Governing Television Broadcasting, Further Notice of Proposed Rule Making*, 10 FCC Rcd 3524 (1995) (*Television Ownership Further Notice*). Subsequent to the release of that *Television Ownership Further Notice*, Congress directed the Commission to

conduct a rulemaking proceeding to determine whether to retain, modify or eliminate existing limitations on the number of television stations that an entity may control within the same television market. *See* Section 202(c) of the Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (Feb. 8, 1996) (Telecomm Act). In response to this Congressional directive in the Telecomm Act and to update the record, the Commission released the *Television Ownership Second Further Notice*. In that *Second Further Notice*, the Commission tentatively concluded to authorize common ownership of television stations that are in separate DMAs and whose Grade A contours do not overlap. *Television Ownership Second Further Notice*, 11 FCC Rcd at 21681.

7. The Commission stated in the *Television Ownership Second Further Notice* that it will be inclined, during the pendency of the television ownership proceeding, to grant duopoly waivers involving stations in different DMAs with no overlapping Grade A contours, conditioned on coming into compliance with the outcome of the proceeding within six months of its conclusion. It also noted there its tentative conclusion that the record in that proceeding "supports relaxation of the geographic scope of the duopoly rule from its current Grade B overlap standard to a standard based on DMAs supplemented with a Grade A overlap criterion." *Id.* The Commission further stated that "we do not believe granting waivers satisfying the proposed standard, and conditioning them on the outcome of this proceeding, will adversely affect our competition and diversity goals in the interim." *Id.* Additionally, the Commission gave the staff delegated authority to act on applications seeking waivers consistent with this interim policy.

8. Based on the Commission's interim ownership policy outlined in the *Television Ownership Second Further Notice*, we believe that grant of a conditional waiver of the duopoly rule, subject to the outcome of the pending ownership proceeding, is justified. Because the two stations are in separate DMAs and the stations' Grade A contours do not overlap, the temporary common ownership of KWWL(TV) and KTVO(TV) would be consistent with the interim policy set forth in the *Television Ownership Second Further Notice*. Moreover, our examination of the record presented here reveals nothing suggesting that we should not follow the established interim policy in this case. Accordingly, we conclude that grant of a temporary waiver, conditioned upon the resolution of the pending broadcast television ownership rulemaking, will serve the public interest, convenience and necessity. Any request to extend the conditional waiver should be filed at least 45 days prior to the end of the six-month period and will be closely scrutinized.

9. ***One-to-a-Market Waiver Request.*** As noted *supra* ¶ 2, the Commission also previously granted a permanent waiver of the one-to-a-market rule to allow Raycom's acquisition of WMC-AM, WMC-FM and WMC-TV (collectively, the WMC stations) from their former owner, Elcom. Raycom bases its waiver request on the one-to-a-market standards set forth in the *Second Report and Order* in MM Docket 87-7, 4 FCC Rcd 1741 (1988) (*Second Report and Order*), *recon. denied in part and granted in part*, 4 FCC Rcd 6489 (1989) (*Second Report and Order Recon.*). In accordance with these standards, the Commission presumptively favors requests involving: (1) stations serving the top 25 markets where at least 30 separately owned,

operated and controlled stations will remain following the proposed combination;[9] or (2) "failed" stations, *i.e.*, stations which have not been operational for a substantial period of time or are involved in bankruptcy proceedings. Otherwise, waiver requests must be evaluated under the more rigorous case-by-case standard. 47 C.F.R. § 73.3555(c), n.7. Because the WMC stations are located in the Memphis, Tennessee DMA, ranked the 42nd television market in the country, Raycom submits its waiver request here, as it did in 1996, *see supra* n.4, pursuant to the case-by-case standard. To this end, Raycom has filed a showing which updates the information filed with respect to its one-to-a-market request in *Raycom I*, and concludes that the circumstances warranting the Commission's grant of that one-to-a-market waiver support its continued common-ownership of the WMC stations.

10. Under the case-by-case standard, the Commission makes a public interest determination by weighing five factors: (1) the potential public benefits of joint operation of the facilities, such as economies of scale, cost savings, and programming and service benefits; (2) the types of facilities involved; (3) the number of media outlets owned by the applicant in the relevant market; (4) the financial difficulties of the stations involved; and (5) the nature of the relevant market in light of the level of competition and diversity after the joint operation is implemented. *See Second Report and Order*, 4 FCC Rcd at 1753.

11. *Benefits of Joint Operation.* In *Raycom I*, Raycom demonstrated that its joint operation of the WMC stations would produce economic efficiencies totalling approximately $420,000. Raycom based this dollar amount on annual combined studio operation, engineering, business and management savings of $220,000, and avoidance of a one-time cost of $200,000 to relocate and separate the radio and television transmitter sites and studio operations. In addition, Raycom asserted that, without the stability and operating efficiencies that joint ownership provides, the WMC stations "could not continue to produce the abundance of locally-originated programming that they currently broadcast."[10]

12. Here, Raycom contends that, due to joint ownership of the WMC stations, it continues to experience substantial economic efficiencies and cost savings totalling approximately $400,000 per year. This figure includes a savings of $180,000 attributable to the stations' joint news-gathering function. Separating the WMC stations for independent operation, Raycom claims, would involve an additional, one-time cost of approximately $2 million to cover the construction of a new tower and the installation of a new transmitter and antenna. Raycom asserts that, but for these cost savings, it would be unable to produce the breadth of public service

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[9] The Commission has been directed to "extend its [one-to-a-market] waiver policy to any of the top 50 markets, consistent with the public interest, convenience, and necessity." *See Telecommunications Act of 1996*, Pub. l. No. 104-104, § 202(d), 110 Stat. 56 (1996). A proposal to implement this extension of our waiver policy is pending. *See Television Ownership Second Further Notice*, 11 FCC Rcd at 21685.

[10] Elcom, Raycom's predecessor-in-interest to the WMC stations, acquired that AM/FM/TV combination from Scripps-Howard Broadcasting Company pursuant to the Commission's grant of a permanent one-to-a-market waiver. *See Scripps-Howard Broadcasting Co.*, 8 FCC Rcd 8012 (1993).

programming it currently offers, such as: (1) *Mike in the Morning*, a listener participation program dealing with local and national issues, including live news, weather and traffic information; (2) *One Hour News Block*, a news program including a simulcast of WMC-TV's news along with additional news, traffic weather and farm information; and (3) WMC-AM's Monday through Friday simulcasts of WMC-TV's news programs. As for other public service benefits derived from joint operation, Raycom refers to the WMC stations' support of the Bridge Builders Speaker Series to promote racial harmony, the Race for the Cure to benefit cancer research and Starry Nights to benefit Metropolitan Interfaith Association. Raycom adds that the WMC stations have a stronger equal employment opportunity "effort" than they might otherwise have as independent stations due to common management and sharing of recruitment sources, job openings and applicant referrals.

13. *Other Media Outlets/Types of Facilities* Having no other media interests in the Memphis market, Raycom refers to our conclusion in *Raycom I* that continuation of the WMC station combination would not present issues of market dominance inconsistent with the public interest given the substantial level of competition in the Memphis market. That conclusion, Raycom argues, remains true today. In support, Raycom maintains that the technical facilities of the WMC stations remain virtually unchanged since our decision in *Raycom I*. WMC-TV is a VHF station operating with 100 kW effective radiated visual power (ERP) from an antenna height at 308 meters above average terrain (HAAT), WMC-AM is a full-time Class B AM station operating on 790 kHz at 5 kW day and night and WMC-FM is a Class C FM station operating on 99.7 MHz at 300 kW ERP from an antenna at 277 meters HAAT. Raycom contends, moreover, that the "technical landscape of the Memphis market has remained relatively constant since *Raycom I*, and that "the facts continue to demonstrate that joint ownership of the WMC [s]tations does not dominate the market." According to Raycom, WMC-TV competes with eight other television stations in the Memphis market, all of which operate at comparable or higher power levels. WMC-FM, though operating at a higher power level, competes with 17 other FM stations within the Memphis television metro market, and WMC-AM competes with 16 other AM radio stations in the Memphis market, 10 of which operate at comparable or superior power levels.

14. *Financial Difficulties*. Noting that none of the WMC stations is experiencing financial difficulties, Raycom asserts that not all of the case-by-case factors are relevant in every case. In addition, Raycom states that we previously granted a one-to-a-market waiver in *Raycom I*, despite "the healthy financial status of the WMC [s]tations."

15. *Competition and Diversity in the Market*. The final factor Raycom addresses concerns the nature of the relevant market *vis-a-vis* the Commission's concerns about diversity and competition. In doing so, Raycom refers to our findings in *Omni Broadcasting Company*, 12 FCC Rcd 9717 (1997), where we recently considered the assignment of an FM radio station in Memphis to Flinn Broadcasting Corporation (Flinn), the licensee of a television station and three other radio stations in the Memphis market. There, Raycom argues, we determined that competition and diversity is high in the Memphis market, finding that Flinn's proposed combination would compete in a market which includes a total of 44 broadcast stations licensed

to over 20 separate owners. Raycom claims that, since it already commonly owns the WMC stations, grant of the requested waiver will not adversely affect this level of diversity and competition. In fact, Raycom argues, the Memphis market will continue to be served by 25 separate "voices," a number which will not be reduced upon grant of the requested waiver. More specifically, Raycom's showing indicates that, including its stations, a total of nine television stations are licensed to the Memphis DMA, and a total of 35 radio stations are licensed to communities in the television metro market. These 44 broadcast stations, Raycom demonstrates, are owned and operated by 25 separate voices. Raycom also points to the wide variety of alternative media in the Memphis DMA, which includes nine daily newspapers, 27 weekly publications, 32 cable operators with a cable penetration of 62 percent, seven low power television stations and a VCR penetration rate of 78 percent. In sum, Raycom asserts that the significant level of diversity enjoyed by the Memphis DMA is consistent with that considered in waiver requests previously granted by the Commission, and will not be diminished by the proposed transaction.

16. *Discussion.* In analyzing a case-by-case request for waiver of the one-to-a-market rule, the Commission's "goal in all situations is to permit the public to benefit from such efficiencies of operation as may be achieved through the use of common facilities and staff, consistent with the maintenance of diversity and vigorous competition within the market areas involved." *Second Report and Order Recon.*, 4 FCC Rcd at 6491. We conclude that, on balance, Raycom's showing in support of its request for waiver of the one-to-a-market rule meets our case-by-case criteria, and that a waiver in this instance would not adversely affect competition and diversity in the Memphis market.

17. As discussed above, Raycom has shown that continued joint ownership of the WMC stations will produce economic benefits and cost savings of at least $180,000 per year, and the avoidance of a one-time expenditure of approximately $2 million. In *Raycom I*, we granted a permanent one-to-a-market waiver based on, among other things, Raycom's demonstration that cost savings, economies of scale and public interest benefits would continue as a result of its common ownership of the WMC stations. We see no reason to discontinue such benefits and cost savings now, simply because of the unique facts of this case, which involve the relinquishment of negative control of Raycom by the Transferors who will nonetheless remain the company's only cognizable shareholders. Rather, we are satisfied that Raycom's continued joint operation will ensure the continuation of the public service programming currently offered on the WMC stations, as well as the other public service benefits realized through the stations' joint sponsorship and promotion of major community events and charitable causes.

18. With respect to the types of facilities involved, the Commission endeavors to predict and avoid any significant adverse effect on diversity or competition from too powerful a combination. *Great American Television and Radio Co.*, 4 FCC Rcd 6347, 6349 (1989). While the technical facilities of the WMC stations are significant, we find that, given the substantial competition in the Memphis market, continuation of the AM/FM/TV combination does not present issues of market dominance inconsistent with the public interest. We have noted elsewhere, moreover, that "as the level of diversity and competition in a market increases, our

concerns grounded in technical strength of the combining facilities decrease." *Louis DeArias*, 11 FCC Rcd 3662, 3666 (1996). In this vein, the Memphis DMA has a significant level of diversity due to the presence of numerous competing television and radio stations in the market and a wide variety of alternative media.

19. Although none of the WMC stations are experiencing financial difficulties, we note that not all of the case-by-case factors are relevant in every case. *See Second Report and Order Recon.*, 4 FCC Rcd at 6491. In fact, the Commission has previously granted one-to-a-market waivers where there was no finding that any of the stations were in financial distress. *See, e.g., Omni Broadcasting*, 12 FCC Rcd at 9721; *Stockholders of Infinity Broadcasting*, 12 FCC Rcd 5012, 5052 (1996).

20. Finally, we find that the continued joint ownership of the WMC stations will not diminish diversity in Memphis, the 42nd television market. Raycom has no other media interests in the Memphis market, and our review of Raycom's showing confirms that, upon grant of these applications, Memphis will continue to be served by 17 AM stations, 18 FM stations and nine television stations. Of these 44 broadcast stations, we find that Memphis is served by 25 separately-owned and operated broadcast "voices." Because grant of these applications will continue an existing combination, there will be no decrease in this level of diversity and competition. Furthermore, a wide variety of other media serves the Memphis DMA, including nine daily newspapers, 27 weekly publications and 32 cable operators with a 62 percent cable penetration and seven LPTV stations. For the foregoing reasons, we are persuaded that the public interest benefit of continued common ownership of WMC-AM, WMC-FM and WMC-TV in Memphis warrants a waiver of the one-to-a-market rule.

21. ***Continued Satellite Requests.*** Note 5 to Section 73.3555 of the Commission's rules exempts from application of the multiple ownership rules those television stations that are "satellite" operations. In *Television Satellite Stations*, 6 FCC Rcd 4212, 4215 (1991), the Commission established the requirement that all applicants seeking to transfer or assign satellite stations justify continued satellite status by demonstrating compliance with a three-part "presumptive" satellite exemption standard applicable to new satellite stations. Alternatively, applicants may demonstrate that there exist "other compelling circumstances" to warrant continued satellite authorization. The presumptive satellite exemption is met if the following three public interest criteria are satisfied: (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. *Id.* at 4212. In furtherance of its proposed transfer of control, Raycom requests continued satellite status for four of its stations. They are: (1) KABY-TV, Aberdeen, South Dakota, and KPRY-TV, Pierre, South Dakota, which operate as satellites of KSFY-TV, Sioux Falls, South Dakota; (2) KNDU(TV), Richland, Washington as a satellite of KNDO(TV), Yakima, Washington; and (3) WTOM-TV, Cheboygan, Michigan, as a satellite of WPBN-TV, Traverse City, Michigan. These four satellite stations, Raycom asserts, presumptively qualify under the Commission's three-part standard.

22. Regarding the first criterion, Raycom demonstrates that no City Grade contour overlap exists between the authorized facilities of the satellite stations and the authorized facilities of their respective parent stations. As to the second criterion, an applicant can use one of two different tests to demonstrate that an area is underserved. Under the "transmission test," a proposed satellite community of license is considered underserved if there are two or fewer full-service stations already licensed to it. *Id.* at 4215. Review of Raycom's submission shows that only one other station is licensed to the respective communities of license of KABY-TV, KPRY-TV and KNDU(TV). More specifically, KABY-TV shares its community of license, Aberdeen, with KTSD-TV, Channel 10, KPRY-TV shares its community of license, Pierre, with KDSD-TV, Channel 16, and KNDU(TV) shares its community of license, Richland, with KTNW, Channel 13. Similarly, WTOM-TV is the only station licensed to Cheboygan, Michigan. Therefore, each of these areas is underserved, and Raycom's four satellite stations satisfy the second presumptive criterion.

23. With respect to 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. Raycom has not attempted to sell any of the stations separately, believing such efforts would have been futile. In support of its belief, Raycom submits a statement from Brian E. Cobb, an experienced broadcast broker. Mr. Cobb had submitted letters relating to Raycom's previous satellite requests for KABY-TV, KPRY-TV, WTOM-TV and KNDU(TV), *see supra* nn.5 & 6, concluding that they would not be viable as stand-alone stations. Upon review of his previous analyses and the relevant market information, Mr. Cobb again concludes that Raycom's four satellite stations would not be viable as stand-alone stations. He explains that, in his judgment, "it is unreasonable to expect that a qualified buyer could be found to operate any of the stations as a full service station, especially in the current environment where buyers are aware of the impending need to expend large sums of money to convert stations from NTSC to DTV service."

24. *KABY-TV (Aberdeen, South Dakota) and KPRY-TV (Pierre, South Dakota).* According to Mr. Cobb's statement, KABY-TV and KPRY-TV provide free over-the-air network television service to small, outlying communities which otherwise would be deprived of such service. He reasons, first, that these stations serve small communities which lack an economic base to support a full-service station. Further, Mr. Cobb doubts that KABY-TV and KPRY-TV could retain network affiliation because they are located in the same Sioux Falls-Mitchell, South Dakota DMA as their parent station, KSFY-TV. It is Mr. Cobb's view, moreover, that the networks are not inclined to affiliate with markets as small as Aberdeen and Pierre, and he notes that KSFY-TV's CBS and Fox competitors also operate satellites to reach underserved areas. Believing no viable buyer exists who would operate either KABY-TV or KPRY-TV as a full-service station, Mr. Cobb states that he would decline an opportunity to list the stations if he was solicited to do so.

25. *KNDU(TV) (Richland, Washington).* Mr. Cobb likewise affirms his previous conclusion that KNDU(TV) would not be viable as a stand-alone station and claims no knowledge of any changes in the Pasco-Richland-Yakima, Washington DMA which would alter that

conclusion. If converted to a full-service station, he maintains, KNDU(TV) has a high probability of being financially unsuccessful, and would operate at a "severe competitive disadvantage" to the other stations in the DMA, each of which operates a satellite station. In addition, he remarks, KNDU(TV) has little chance for survival as a stand-alone facility because it lacks any prospects of meaningful network affiliation, and because neither KNDU(TV) nor its parent station has a sufficient signal to cover the entire DMA, a necessity for viability. Mr. Cobb concludes that, in order for KNDU(TV) to survive and provide service to its community of license, it must continue to operate as a satellite of a viable parent facility.

26. *WTOM-TV (Cheboygan, Michigan)*. As in the case of KNDU(TV), Mr. Cobb reaches the same conclusion, here, as he did in his 1996 analysis, that WTOM-TV would not be viable as a stand-alone station. Nor does he have knowledge of any material changes in the Traverse City-Cadillac, Michigan DMA which would justify operating WTOM-TV as a stand-alone station. Mr. Cobb asserts that WTOM-TV has four competitors in the Traverse City-Cadillac DMA, all of whom operate satellite facilities to cover this expansive market. Without satellite service, he asserts, much of the area in that DMA would go unserved. Mr. Cobb also points out that WTOM-TV is the only television station licensed to Cheboygan, and contends that the station could not financially survive without the support of WPBN-TV, its parent station in Traverse City. Furthermore, he does not believe that WTOM-TV, as a stand-alone, would be attractive to a responsible owner. For these reasons, Mr. Cobb states that he would decline marketing WTOM-TV as a full-service station "knowing that its financial success would be so in question."

27. Based on all of the information provided, we believe that Raycom has not only satisfied the first two criteria of the Commission's presumptive satellite exemption standard, but has demonstrated the unlikelihood of finding an alternative buyer ready and able to operate any of its four satellite stations on a stand-alone basis. Therefore, we find that the continued operation of KABY-TV, KPRY-TV, KNDU(TV) and WTOM-TV as satellites of their respective parent stations would be in the public interest. Among the matters being reexamined in the Commission's broadcast television ownership policies in the *Television Ownership Second Further Notice* is the continued exemption of satellite stations from broadcast ownership restrictions. Accordingly, we will condition the grant of these satellite proposals on whatever action is taken in that proceeding.

CONCLUSION

28. Having determined that the applicants are qualified in all respects, we find that grant of the applications to transfer control of Raycom Media, Inc. from John E. Hayes and William C. Zortman to John E. Hayes, William C. Zortman and qualifying employees under the 1997 Raycom Media Restricted Stock Plan will serve the public interest.

29. IT IS FURTHER ORDERED, That the request for a conditional waiver of the television duopoly rule, Section 73.3555(b) of the Commission's rules, to permit the common ownership by Raycom Media, Inc. of television stations KTVO(TV), Kirksville, Missouri, and KWWL(TV), Waterloo, Iowa IS GRANTED, subject to the outcome of the Commission's

pending broadcast ownership rulemaking, MM Docket Nos. 91-221 and 87-8. Should divestiture be required as a result of that proceeding, the licensee is directed to file, within six months from the release of the final order in MM Docket Nos. 91-221 and 87-8, an application for Commission consent to dispose of such station(s) as would be necessary for Raycom Media, Inc. to come into compliance with the rules as provided in the final order.

30. IT IS FURTHER ORDERED, That the request for a permanent waiver of the Commission's one-to-a-market rule, 47 C.F.R. § 73.3555(c), to allow Raycom's common ownership and operation of WMC-AM, WMC-FM and WMC-TV, Memphis, Tennessee, IS GRANTED.

31. IT IS FURTHER ORDERED, That the requests of Raycom Media, Inc. for operation of KABY-TV, Aberdeen, South Dakota, KPRY-TV, Pierre, South Dakota, WTOM-TV, Cheboygan, Michigan and KNDU(TV), Richland, Washington, pursuant to the satellite exemption of Note 5 to 47 C.F.R. § 73.3555, ARE GRANTED, subject to the outcome of the Commission's pending television ownership rulemaking in MM Docket Nos. 91-221 and 87-8.

32. Accordingly, IT IS ORDERED, That the above-captioned applications for transfer of control of Raycom Media, Inc. from John E. Hayes and William C. Zortman to John E. Hayes, William C. Zortman and qualifying employees under the 1997 Raycom Media Restricted Stock Plan, ARE GRANTED.

FEDERAL COMMUNICATIONS COMMISSION

Roy J. Stewart
Chief, Mass Media Bureau

Media Ventures Partners
1650 Tysons Boulevard, Suite 790
McLean, Virginia 22102

December 17, 1997

Ms. Margalie R. Salas
Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20054

Re: Raycom Media Satellite Stations

Dear Ms. Salas:

I have been asked to review the analysis I made last year which led me to conclude that satellite stations KNDU(TV) (Richland, Washington), WTOM-TV (Cheboygan, Michigan), KABY-TV (Aberdeen, South Dakota) and KPRY-TV (Pierre, South Dakota) would not be viable as stand-alone stations. After again reviewing the relevant market information, I continue to conclude that the four above-referenced satellites would not be viable as stand-alone stations. In my judgment, it is unreasonable to expect that a qualified buyer could be found to operate any of the stations as a full service station, especially in the current environment where buyers are aware of the impending need to expend large sums of money to convert stations from NTSC to DTV service.

By way of background, I have nearly 30 years of experience in the broadcast industry as an owner, manager and broker of broadcast stations. I am the founding partner of Media Venture Partners, a nationally recognized media brokerage firm with offices in four cities in the United States. I am responsible for the brokerage and appraisal of television stations for Media Venture Partners and, during the decade, I have been involved personally in the brokerage of more television stations than any other media broker in the United States. I have also served as the President of the National Association of Media Brokers.

KABY-TV (Aberdeen, SD) and KPRY-TV (Pierre, SD)

As stated in my letter of May 22, 1996, KABY-TV and KPRY-TV are classic examples of why stations in certain areas of the country should be authorized as satellites. These South Dakota stations provide free over-the-air network television service to small, outlying communities which otherwise would be deprived of such service. The stations serve small communities that lack the economic base to support a full-service station. I seriously doubt that they could retain network affiliation because they are in the same Sioux-Falls - Mitchell (107th ranked) DMA as the parent station, and the networks are not inclined to affiliate with markets as small as Aberdeen and Pierre in any event. Because of the vast open and lightly populated terrain, it is my opinion that these South Dakota satellites provide a significant benefit to the community which would be lost if they could not operate as satellites of parent station KSFY-TV (Sioux Falls, South Dakota). KSFY-TV's CBS and Fox competitors also operate satellites to reach underserved areas.

Based on my deal-making experience, I do not think that there would be a viable buyer for either of these South Dakota satellites to operate them as full-service stations. In fact, if solicited to sell KABY-TV or KPRY-TV as a full-service station, Media Venture Partners would respectfully decline the opportunity to list them.

KNDU(TV) (Richland, WA)

My letter of August 9, 1996 concluded that satellite station KNDU(TV) (Richland, Washington) would not be viable as a stand-alone station. To my knowledge, there have not been any significant changes in the Pasco-Richland-Yakima market (123rd DMA) since my August 1996 letter that would justify operating KNDU as a stand-alone station. If converted to a full-service station, it is highly probable that KNDU would be financially unsuccessful. It would operate at a severe competitive disadvantage to the other stations in the DMA which each operate a satellite station. Neither the parent station -- KNDO(TV) (Yakima, Washington) -- nor the satellite has the coverage area to cover the DMA, a necessity in my opinion for viability. Even if it were possible for KNDU to serve a greater portion of the market, it would have no prospect of garnering an affiliation agreement with any meaningful compensation from any of the existing networks. As an independent, the chance of survival would be slim.

In sum, as a result of an insufficient signal in the entire DMA, the ability of competitors to own and operate satellite stations, and the lack of any prospects of meaningful network affiliation, it continues to be my opinion that KNDU could not viably operate as a stand-alone station. For the station to survive and provide service to its community, it must continue to operate as a satellite of a viable parent facility. As a satellite, KNDU can continue to provide viewers that cannot receive the parent station with vital news coverage and major network programming.

<u>WTOM-TV (Cheboygan, MI)</u>

My August 9, 1996 letter also included my conclusion that WTOM-TV (Cheboygan, Michigan) would not be viable as a stand-alone station. I am familiar with the Traverse City-Cadillac market (117th ranked DMA) where WTOM-TV and its parent station WPBN-TV (Traverse City, Michigan) are located. To my knowledge, there have been no material changes in this DMA that would justify operating WTOM-TV as a stand-alone station. The DMA is comprised of Traverse City and Cadillac as the major cities and a plethora of small communities extending up to the Canadian border. There are four competitors in the DMA, all of whom operate satellite facilities to cover this expansive market. Without satellite status, much of the area in the market would go unserved. WTOM-TV is the only television station licensed to Cheboygan.

It continues to be my opinion that WTOM-TV could not financially survive without the support of the parent station in Traverse City. As a broker, I do not think that WTOM-TV would be attractive to a responsible owner as a stand-alone station. If requested, our firm would decline marketing WTOM-TV as a full-service station to our clients knowing that its financial success would be so in question.

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In my opinion, there is a need for the efficiencies of satellite operations for each of the four Raycom satellites to continue to supply needed off-air program service to the sparsely settled areas each station serves. If you have any questions concerning the foregoing statement, I would be pleased to answer them.

Sincerely,

Brian E. Cobb
Managing Director