

## THIRD SUPPLEMENT TO EXHIBIT 20

### TRANSACTION DESCRIPTION AND REQUEST FOR CONTINUED SATELLITE STATION STATUS UNDER RULE SECTION 73.3555, NOTE 5

The instant application is one of 10 Form 315 applications being filed concurrently pursuant to a Purchase Agreement between Cordillera Communications, LLC (“Cordillera”) and Scripps Media, Inc. (“Scripps”) dated October 27, 2018 (the “Transaction”). Cordillera is the parent of the licensee entities (the “Licensees”) listed on Attachment A that hold the full-power, low-power, and TV translator licenses also listed on Attachment A (the “Stations”). The parties propose a two-step Transaction:

- transfer of control of the Licensees from Cordillera to Scripps; followed immediately after consummation of that transfer by
- *pro forma* assignment of the Stations’ licenses via Form 316 applications to a wholly-owned Scripps subsidiary, Scripps Broadcasting Holdings LLC (“SBH”). (See diagram in Attachment B.)

Separate applications are being filed with other Commission Bureaus requesting consent to the transfer of control and subsequent license assignments of the private radio and satellite earth station licenses held by the Licensees.

#### **The Transaction complies with the multiple ownership rules**

There is no relevant contour overlap between any Station to be acquired and any current Scripps station, and no divestitures are required. After the Transaction’s close, Scripps’ stations will still cover less than 21% of national TV households, and the parties are not proposing any new sharing arrangements.

#### *1. Continuing the Satellite Station Status of KBZK in Bozeman, MT*

Cordillera, through a licensee subsidiary, currently operates Station KBZK(TV), Bozeman, MT (“KBZK”), as a satellite of co-owned Station KXLF-TV, Butte, MT (“KXLF”). Under the Commission’s rules, an entity may own, operate, or control two television stations licensed in the same DMA if, at the time the application to acquire or construct the station(s) is filed, at least one of the stations is not ranked among the top four stations in the DMA.<sup>1</sup> KXLF and KBZK are both assigned to the Butte-Bozeman Designated Market Area, but, as described in further detail below, KBZK is operated as a satellite station. Indeed, KBZK has been operated as a satellite of KXLF pursuant to Commission authority for the past 25 years, and the

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<sup>1</sup> 2014 *Quadrennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, Order on Reconsideration and Notice of Proposed Rulemaking, 32 FCC Rcd 9802 (2017) (“*Order on Reconsideration*”).

circumstances underlying the grant of the KBZK satellite waiver have not changed.<sup>2</sup> Permitting Scripps to operate KBZK as a satellite of KXLF will allow Scripps to continue rebroadcasting the locally produced, network, and syndicated programming that KXLF airs to the terrain-challenged area in and around Bozeman. Without continuing satellite status for KBZK, delivery of over-the-air service of KXLF's CBS and CW network programming to Bozeman via KBZK will decrease, if it is not eliminated in its entirety. Accordingly, the parties respectfully request Commission consent to permit Scripps to continue operating KBZK as a television satellite station following consummation of the proposed transaction. *See* 47 C.F.R. 73.3555, note 5.

As discussed below, the circumstances that originally warranted granting KBZK satellite status in 1993 have not changed, and grant would be consistent with the Commission's current *ad hoc* test for assessing whether continued satellite service would serve the public interest.

KBZK has never operated as a stand-alone station. After two years of rebroadcasting a commonly-owned station in Billings, its license was assigned in 1993 to the current licensee as an approved satellite of co-owned KXLF. *See Big Horn Communications, Inc.*, 8 FCC Rcd 5081 (1993) (copy attached as Attachment C).<sup>3</sup> That Commission opinion found the proposal to be fully consistent with the agency's three-prong test for applying a presumption that satellite status would serve the public interest: (1) there was no analog city-grade contour overlap between KBZK and KXLF; (2) the station's service area was underserved due to the fact that there was only one full-service station licensed to Bozeman; and the parties had shown that no alternative operator was ready and able to construct or to purchase and operate the proposed satellite as a full-service station.

The circumstances supporting that 1993 decision have changed only with respect to the television industry's transition from an analog to a digital transmission system, with the corresponding loss of any meaningful "city-grade contour" measure. As the Media Bureau has noted, "the first criterion of the presumptive standard is no longer relevant in the digital environment," but the Bureau did find it relevant that "prior to the digital transition, [a station's] analog City Grade contour did not overlap that of the parent station." *See Agape Church, Inc.*, DA 15-1413 (released December 14, 2015). As noted in the 1993 decision, the former city-grade contours of KXLF and KBZK did not overlap.

The second prong of the presumption test--that the satellite station's service area is underserved--remains fully met in accord with the "transmission test." That is, just as the Commission found in 1993, there is only one other full-service station now licensed to Bozeman, non-commercial station KUSM-TV.

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<sup>2</sup> The Commission recently adopted new rules regarding reauthorization of existing satellite television stations as part of a transfer of control. The applicants believe that the streamlined approach could be used for the reauthorization of KBZK as a satellite of KXLF had the new rules taken effect prior to the filing of this application. *See Streamlined Reauthorization Procedures for Assigned or Transferred Television Satellite Stations*, Report and Order, FCC 19-17, MB Docket No. 18-63 (Mar. 12, 2019).

<sup>3</sup> KBZK's former call sign is KCTZ(TV).

Finally, with respect to the showing required by the third prong of the presumption test, Attachment D contains an analysis of the marketability of KBZK by Methuselah Advisors LLC, an investment banking advisory firm and the broker that assisted Cordillera in conducting the sale of its television properties. Methuselah states that during its extensive open marketing process on behalf of Cordillera, it received no expression of interest for KBZK as a stand-alone station. Methuselah further explains that this was fully expected because of the small size of the Butte-Bozeman market (DMA # 185), the market's expansive and sparsely-populated area, and the fact that a licensee's ability to serve both of the market's distinct population centers, Butte and Bozeman, is "critical" to any station's success. Since KBZK's over-the-air signal does not reach Butte--75 miles away over rugged terrain--Butte's television viewers would lack access to the station. Further, all the major networks have affiliates in the market (with an owned low-power or satellite station outlet providing service to Bozeman), and therefore a stand-alone owner in Bozeman would "face likely insurmountable challenges to acquire programming" of sufficient interest to the market to capture adequate revenue to support the station. Based upon its analysis of this market, Methuselah offers its professional opinion that "no alternative broadcaster is prepared to purchase and operate [KBZK] as a stand-alone station" and that "the only viable option for KBZK is for the station to continue its operation as a satellite of another full-service station in the market."

Accordingly, applying the Commission's current *ad hoc* approach, the parties urge that – just as in 1993 – the public interest would be served by permitting continuation of KBZK's satellite status after consummation of the proposed transfer of control of the license to Scripps and the short-form assignment of this license to SBH, in accord with the Commission's rules.

## *2. Shared Services and Joint Sales Agreements in Corpus Christi, TX*

Cordillera's Station KRIS(TV), Corpus Christi, TX ("KRIS") provides advertising sales and other operational services to Station KZTV(TV), Corpus Christi ("KZTV"), licensed to SagamoreHill of Corpus Christi Licenses, LLC ("SMH"), under a joint sales agreement; a shared services agreement; and a transmitter equipment, studio and office lease agreement entered into in 2009 (the "Agreements"). Upon consummation of the Transaction, SMH will continue to hold the FCC license for KZTV and Scripps will assume the Agreements without modification of their terms.

The shared services agreement limits the amount of programming that can be provided to KZTV to 15% of the station's weekly programming. This restriction and the Agreements' other terms ensure that no attributable interest is created between the stations in accord with the Commission's 2017 determinations with respect to such agreements. *See 2014 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996 (Order on Reconsideration), FCC 17-156 (November 20, 2017) at ¶¶96 120.*

### **Approval of the Transaction would serve the public interest**

Commission approval of the Transaction would serve the public interest by permitting the creation of a stronger, more efficient, and more programmatically diversified broadcast

company. For example, the increased geographic diversity will strengthen Scripps' economic position, and the addition of Cordillera's NBC and CBS network affiliates will further diversify Scripps' strong roster of ABC network affiliates. Such benefits will help Scripps continue its long history of providing top quality local news and other programming to the communities it serves.

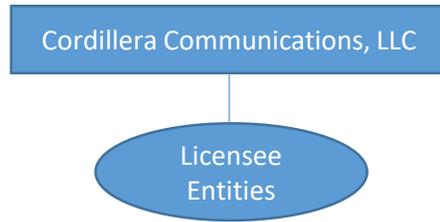
**Form 315, Exhibit 20  
Attachment A**

<b>Licensee</b>	<b>Call Sign</b>	<b>Facility ID</b>	<b>Type of Authorization</b>	<b>Station Location</b>
KATC Communications, LLC	KATC(TV)	33471	Digital Television	Lafayette, LA
KCTZ Communications, LLC	KBZK(TV)	33756	Digital Television	Bozeman, MT
KPAX Communications, LLC	KPAX-TV	35455	Digital Television	Missoula, MT
	KAJJ-CD	35453	Digital Class A Television	Kalispell, MT
KRIS Communications, LLC	KRIS-TV	25559	Digital Television	Corpus Christi, TX
	K09YZ-D	51373	Digital Class A Television	Beeville-Refugio, TX
	K22JA-D	51375	Digital Class A Television	Corpus Christi, TX
	K31KK-D	51374	Digital Class A Television	Kingsville-Alice, TX
KRTV Communications, LLC	KRTV(TV)	35567	Digital Television	Great Falls, MT
	K09ZB-D	182692	Digital TV Translator	Havre, MT
	K11WK-D	62226	Digital TV Translator	Stanford, MT
	K11WQ-D	182691	Digital TV Translator	West Knees, MT
	K13OU-D	182694	Digital TV Translator	Chinook, MT

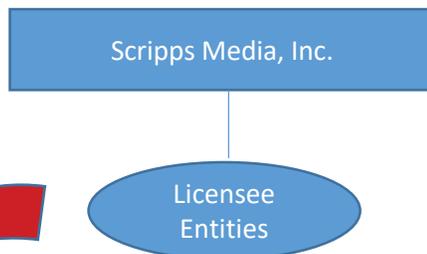
Licensee	Call Sign	Facility ID	Type of Authorization	Station Location
	K27JW-D	168411	Digital TV Translator	Joplin, MT
	K45CS-D	35566	Digital TV Translator	Lewistown, MT
	KXLH-LD	168401	Digital TV Translator	Helena, MT
	KTVH-DT	5290	Digital Television	Helena, MT
	KTGF-LD	128063	Digital LPTV	Great Falls, MT
KSBY Communications, LLC	KSBY(TV)	19654	Digital Television	San Luis Obispo, CA
	K10PV-D	19656	Digital TV Translator	Santa Barbara, CA
KTVQ Communications, LLC	KTVQ(TV)	35694	Digital Television	Billings, MT
	K09XK-D	35697	Digital TV Translator	Sheridan, WY
	K10GF-D	35700	Digital TV Translator	Miles City, MT
	K17JP-D	35702	Digital TV Translator	Big Timber, etc., MT
	K20LT-D	190501	Digital TV Translator	Diamond Basin, etc., WY
	K21JU-D	51599	Digital TV Translator	Meeteetse, WY
	K24GD-D	35698	Digital TV Translator	Hardin, MT
	K26GL-D	130833	Digital TV Translator	Columbus, MT
	K39HD-D	130816	Digital TV Translator	Red Lodge, MT

<b>Licensee</b>	<b>Call Sign</b>	<b>Facility ID</b>	<b>Type of Authorization</b>	<b>Station Location</b>
	K43LY-D	51609	Digital TV Translator	Cody, WY
	K45KO-D	168263	Digital TV Translator	Castle Rock, etc., MT
KXLF Communications, LLC	KXLF-TV	35959	Digital Television	Butte, MT
	K26DE-D	35961	Digital TV Translator	Bozeman, MT
Sangre de Cristo Communications, LLC	KOAA-TV	59014	Digital Television	Pueblo, CO
	KOAA-TV	59014	Digital Replacement Translator	Woodland Park, CO
	K19DY	59015	Analog TV Translator	Canon City, CO
	K30JM-D	59021	Digital LPTV	Colorado Springs, CO
WLEX Communications, LLC	WLEX-TV	73203	Digital Television	Lexington, KY

**Current Ownership Structure**

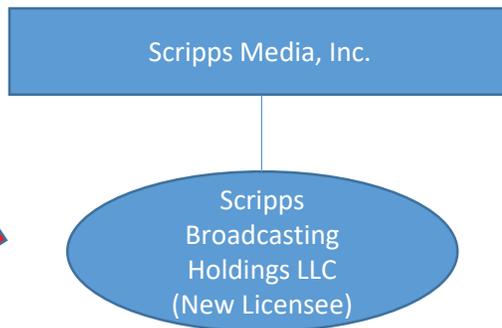


**Step 1 – Form 315 Transfers of Control**

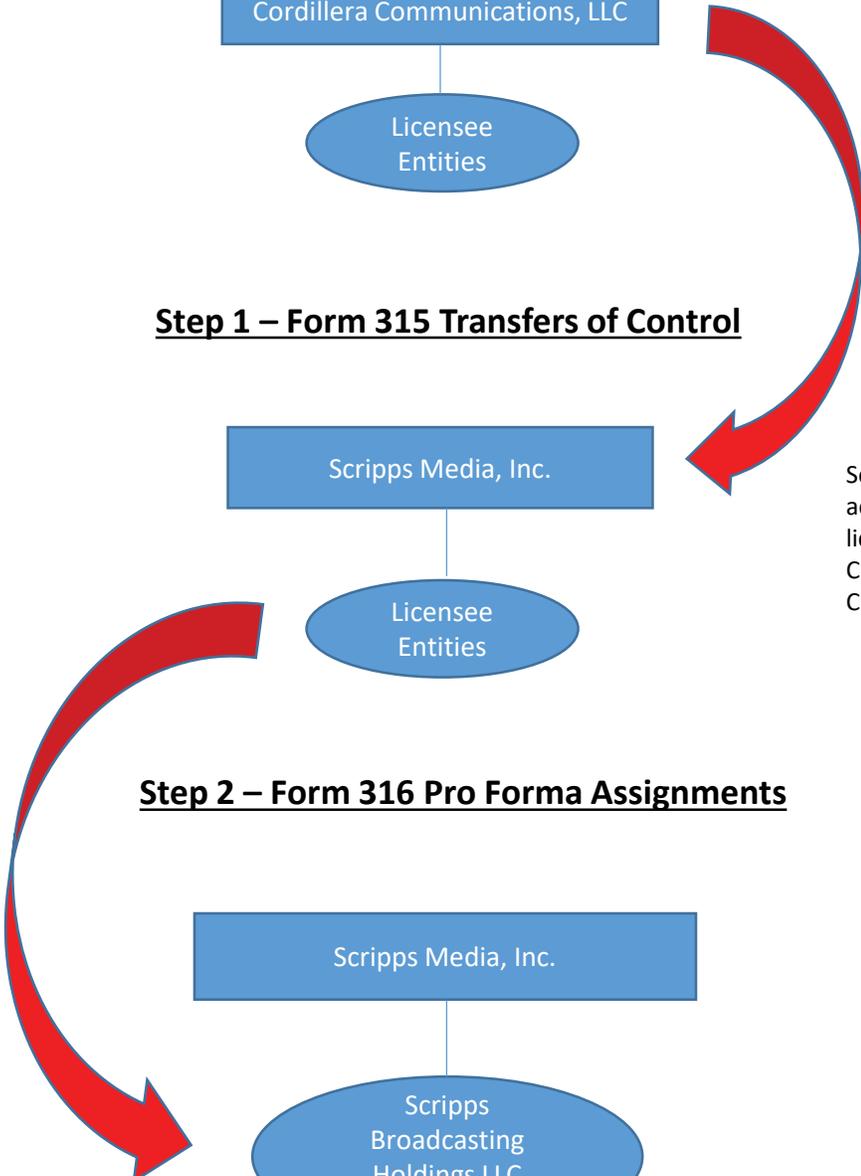


Scripps Media, Inc. acquires 100% interest in licensee entities from Cordillera Communications, LLC.

**Step 2 – Form 316 Pro Forma Assignments**



Licenses are assigned from current Licensee Entities to Scripps Broadcasting Holdings, LLC, a wholly-owned subsidiary of Scripps Media, Inc.



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

In Re Application of

BIG HORN COMMUNICATIONS, INC.  
(Assignor)

and File No. BALCT-930503KG

KCTZ COMMUNICATIONS, INC.  
(Assignee)

For Consent to Assign  
the License for Station KCTZ(TV),  
Channel 7, Bozeman, MT

MEMORANDUM OPINION AND ORDER

Adopted: September 7, 1993; Released: September 17, 1993

By the Commission:

1. The Commission has before it the unopposed application to assign the license of television station KCTZ(TV) (ABC), Channel 7, Bozeman, Montana, from Big Horn Communications, Inc. ("Big Horn") to KCTZ Communications, Inc. ("KCTZ, Inc."), a subsidiary of Evening Post Publication Co. ("Post"). Another subsidiary of the Post is the licensee of KXLF-TV (CBS), Butte, Montana. The Grade B contours of KCTZ(TV) and KXLF-TV overlap. Thus, KCTZ, Inc. proposes to operate KCTZ(TV) as a satellite,<sup>1</sup> pursuant to the satellite exception to the duopoly prohibition set forth in Note 5 to Section 73.3555 of the Commission's Rules.<sup>2</sup>

2. Under our satellite policy, *See Television Satellite Stations*, 6 FCC Rcd 4212 (1991) (petitions for partial stay and reconsideration pending), an applicant for television satellite status is entitled to a presumption that the proposed satellite operation is in the public interest if it meets three criteria: (1) there is no City Grade contour 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 4213-14. The Commission will view favorably applications that qualify for the presumption and are un rebutted by an opposing party. *Id.* at 4214. If an applicant cannot qualify for the presumption, we will evaluate the proposal on an *ad hoc* basis and grant the application if there are other compelling circumstances

that warrant approval. For the reasons set forth below, we find that the proposed operation of KCTZ(TV) as a satellite is consistent with our policy.

3. With regard to the first criterion of the public interest presumption, the applicant has submitted an engineering study which demonstrates that the present City Grade contours of KCTV(TV) and KXLF-TV will not overlap. Thus the satellite proposal meets the first component of the presumption.

4. With respect to the second criterion, the applicant has demonstrated that the area is underserved using one of our two tests. The first is a "transmission test," which defines as "underserved" an area with two or fewer full-service stations licensed to the community.<sup>3</sup> The applicant has shown that there is only one full-service television station licensed to Bozeman, non-commercial television station KUSM. Accordingly, the applicant's proposal meets the second criterion for the satellite presumption.

5. Finally, to qualify for the presumption, applicants must demonstrate that no alternative operator is ready and able to construct or to purchase and operate the proposed satellite as a full-service station. Initially, it should be noted that KCTZ(TV) has never been operated as an independent, stand-alone station. *See* note 1. The applicant has submitted a declaration of Thomas Hendrickson, President of Big Horn, which demonstrates the licensee's failed efforts for the past three years to find a buyer which would operate the station on a full-service basis. Specifically, Mr. Hendrickson declares that in 1990, a prospective buyer withdrew its offer to buy the station because its station's Grade B contour overlapped with that of KCTZ(TV) and the buyer did not want to request a Commission waiver of the multiple ownership rules. Mr. Hendrickson further declares that thereafter a number of brokers rejected Big Horn's request to list the station for sale, and one specifically voiced his doubts that any buyer could be found in today's market. In September, 1992, Big Horn listed the station with a broker for six months but received no serious offers from potential buyers. Thus, it appears that Big Horn has been diligent in its efforts to find a buyer ready and willing to operate the station on a stand-alone basis, and has been able to elicit only one serious offer, which was subsequently withdrawn. Under the circumstances, we believe that the applicant has also satisfied the third criterion.

6. Therefore, we find that the applicant is entitled to the presumption that the proposed satellite operation is in the public interest. In addition, no showing has been provided to rebut the presumption, and we find no reason to override the presumption on our own motion.

7. In view of the foregoing, we conclude, having found that the applicant is qualified in all other respects, that a grant of the application would serve the public interest, convenience, and necessity.

<sup>1</sup> We note that KCTZ(TV) has primarily rebroadcast the programming of commonly owned KSVI(TV), Billings, Montana, since KCTZ(TV) began operation in 1991.

<sup>2</sup> We note that there is an outstanding proceeding concerning television satellite stations, which invites comment on whether television satellites should be exempted from the 12-station limit set out in the multiple ownership rules. *Second Further*

*Notice of Proposed Rulemaking* in Docket No. 87-8, 6 FCC Rcd 5010 (1991). Grant of the application now before us will not implicate the 12-station rule.

<sup>3</sup> We have also defined an "underserved area" in terms of a "reception test," but that test is not material here. *See Television Satellite Stations*, above, at 4215.

8. Accordingly, IT IS ORDERED, That the application (BALCT-930503KG) for consent to assign the license of television station KCTZ-TV, Bozeman, Montana, to KCTZ Communications, Inc. IS HEREBY GRANTED.

FEDERAL COMMUNICATIONS COMMISSION

William F. Caton  
Acting Secretary



MethuselahAdvisors

November 6, 2018

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Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Washington, DC 20554

Dear Ms. Dortch:

I am a Managing Principal of Methuselah Advisors, an investment banking advisory firm focused on serving clients with exceptional and unbiased advice on strategic matters to create significant value for all stakeholders. We rely on a unique depth of knowledge of the broadcast television industry as well as relationships built over more than 30 years to achieve the best outcome for our clients. I was the principal advisor to and broker for Cordillera Communications, LLC's proposed sale of its television station group. Based on my experience serving as the advisor and broker for that sale, as well as my years of experience in assisting buyers and sellers of broadcast television properties as they consider strategic transactions, it is my informed opinion that no alternative broadcaster is prepared to purchase and operate Cordillera's KBZK(TV), Bozeman, Montana ("KBZK") as a stand-alone station.

Cordillera requested that I provide this letter, which discusses the prospects for a sale of television broadcast station KBZK as a standalone station. Based on my experience and my knowledge of KBZK, I would not recommend that KBZK be marketed for sale as a standalone station, because it is highly unlikely to be a successful station if operated as a full-service station on a standalone basis. Methuselah Advisors conducted an extensive, open process for the sale of the Cordillera station group. We contacted and invited the participation of numerous television station group owners and other companies that would have a possible interest in purchasing one or more of the Cordillera stations. Soon after commencing our confidential process, details on the potential sale of the Cordillera stations were uncovered by journalists and widely disseminated in local and national media outlets. As a result, we received additional, albeit limited, interest from certain unsolicited buyers. During the marketing process, we were in contact with 34 potential buyers. Of those potential buyers, 17 expressed an interest in purchasing one or more of the Cordillera stations, but no party expressed any interest in acquiring and operating KBZK on a stand-alone basis. The lack of any interest in KBZK as a stand-alone station is fully consistent with the realities of the market, as described below.

KBZK is located in the Butte-Bozeman, Montana designated market area ("DMA"), which includes only 67,190 television households. Nielsen ranks the Butte-Bozeman market as the 185<sup>th</sup> of 210 markets in the country. The Butte-Bozeman DMA has seven geographically expansive counties that are sparsely populated. The town of Butte has a population of

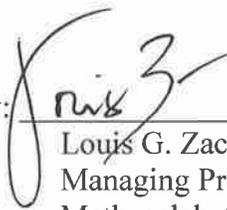
approximately 33,901 comprised of just 14,523 households. Bozeman, the other population center in the DMA, is a rural community with an estimated population of just 46,596 people comprised of 17,063 households. In total, Butte and Bozeman have almost half of the television households in the market; thus, a broadcaster's ability to serve both Butte and Bozeman is critical.

KBZK's over-the-air signal does not reach Butte. This is not surprising, because Butte and Bozeman are separated by approximately 75 miles and the typical terrain of the Butte-Bozeman DMA makes it difficult to transmit an over-the-air signal over normal distances. To overcome this challenge, each of the major network affiliates operates a full power station licensed to Butte and a second station (a full power, Class A, or low power) that serves Bozeman. As a standalone station, KBZK's over-the-air signal would not reach Butte. Thus, over-the-air viewers in Butte would not be able to view any programming on KBZK, and even pay-TV subscribers would be unable to view the station unless the station owner made costly arrangements to deliver the KBZK signal to cable and satellite operators with headends or receive locations in Butte. These increased operational costs to distribute KBZK's signal would limit the operator's ability to make critical investments in programming and ad sales. This is made even more challenging given the Butte-Bozeman DMA's limited population and economic base and without Cordillera's indispensable statewide station infrastructure and knowledgeable staff.

Moreover, and perhaps most critically, any company that would consider operating KBZK on a stand-alone basis would not have access to the station's existing CBS programming and would have to find alternate programming of sufficient interest to support advertising sales. Each of the top networks has an affiliate in the market. Thus, KBZK's owner would face likely insurmountable challenges to acquire programming that is of interest to viewers in the market. And without popular programming, KBZK would not attract the audience needed to capture sufficient advertising or retransmission consent revenues to operate the station and would likely lose its local news product.

For those reasons, we did not expect, and certainly did not receive, any interest from any potential bidders for the Cordillera stations to operate KBZK on a stand-alone basis. That fact is unsurprising given the characteristics of the market. Based on our long, general experience with the television broadcast industry and our conduct of the specific process for the sale of the Cordillera stations, it is my professional opinion that the only viable option for KBZK is for the station to continue its operation as a satellite of another full-service station in the market.

Sincerely,

By:   
Louis G. Zachary, Jr.  
Managing Principal  
Methuselah Advisors