

Request for Continuing Satellite Waiver

The instant application proposes, *inter alia*, the transfer of licenses of television stations KVAL-TV, Eugene, Oregon, KCBY-TV, Coos Bay, Oregon, and KPIC(TV), Roseburg, Oregon in the Eugene, Oregon, Nielsen Designated Market Area (“DMA”). These stations operate under a longstanding and a continuing waiver of the Commission’s multiple ownership rules applicable to satellite television stations, and continuation of that waiver is respectfully requested to permit the stations to maintain their service to the public.

As the Commission is aware, the geographically remote and lightly populated communities of Coos Bay and Roseburg historically have been served by satellite stations retransmitting the signals of stations licensed to Eugene. Indeed, KCBY-TV and KPIC have each been operated as CBS satellites of KVAL-TV since the stations first went on the air in 1960 and 1956, respectively. The geographically remote nature of Coos Bay and Roseburg, together with their relatively small population bases, makes it extremely difficult, if not impossible, for a local, independent station to attain economic viability in these communities.

For these reasons, other network stations in the market, including the satellite operation of KMCB, Coos Bay, Oregon, and KTCW, Roseburg, Oregon, which rebroadcast the NBC programming of KMTR, Eugene, Oregon, have been operating as satellite stations of KMTR since 1991 and 1992, respectively. Also, notably, while KAZI, the ABC affiliate licensed to Eugene, does not operate any satellite stations in the DMA, according to the record before the Media Bureau, it has historically established a number of translator stations in the market in order to overcome the widely dispersed and rugged terrain to serve viewers in the market.¹ Thus, the affiliates of CBS, NBC and ABC have established geographic parity in the DMA, while at the same time ensuring availability of popular network service to outlying communities in the DMA that would otherwise not be served by a network-affiliated television station.

Finally, there is no alternative operator ready and able to assume operation of either of the satellite stations. The Commission’s staff previously reviewed the facts surrounding these stations and concluded that finding a buyer to operate the stations on a stand-alone basis was not feasible.² As demonstrated in detail the attached Broker’s Statement addressed to William Lake of the FCC’s Media Bureau, prepared by Lawrence Patrick, Managing Partner of Patrick Communications, it is “precisely this type of DMA that illustrates the importance of satellites in reaching a geographically large market” and operation of KCBY and KPIC as standalone stations “would be unsuccessful given the

¹ See FCC File Nos. BALCT-19981203; BALCT-199981203RR; and BALCT-19981203RB, *et al.*

² *Id.*

marginalized nature of the operation, and knowing that a buyer would be hard pressed to find compelling programming sufficient to survive.”

For all these reasons, it is respectfully requested that the longstanding satellite waiver applicable to KCBY-TV and KPIC(TV) as satellites of KVAL-TV be continued.



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April 25, 2013

Mr. William Lake
Chief-Media Bureau
Federal Communications Commission
445 12th Street S.W.
Room 3-C740
Washington, D.C. 20554

Re: KVAL-DT, Eugene, Oregon
KCBY-DT, Coos Bay, Oregon
KPIC-DT, Roseburg, Oregon

Dear Mr. Lake:

I have been asked to opine on the continued operation of KCBY-DT and KPIC-DT as satellites of KVAL-DT with regard to the transfer application of the above television properties. KVAL-DT is the CBS affiliate in the Eugene, Oregon DMA. KCBY-DT and KPIC-DT have operated as long time satellites of KVAL-DT. This letter addresses the feasibility of operating and marketing KCBY-DT and KPIC-DT as full-service standalone operations versus their continued operation as satellites of KVAL-DT.

I am Managing Partner of Patrick Communications, the leading media brokerage firm in the industry with over \$7.5 billion in transactions. I have been involved in the broadcast industry for over forty years and my firm has sold 170 television stations in the past ten years, more than any other brokerage firm. In addition to Patrick Communications, I served from 2005 to 2008 as Chairman of the Board of ION Media Networks, the licensee of 60 television stations. I am also a past president of the National Association of Media Brokers and am the current Chairman of the National Association of Broadcaster's PAC. I also own a minority interest in television stations in New York, Los Angeles, Chicago, Boston, Philadelphia and San Francisco. In addition, I speak regularly to industry groups and have a long history of experience in both television operations and transactions.

I have previously brokered sales of television stations in the Eugene, Oregon DMA and I have also provided numerous opinions to the FCC on satellite waivers. I am very familiar with the Eugene, Oregon market and the various television station signals, competition and market conditions there, as

well as the current television economic environment and station transactional market. I believe that I am qualified to opine on the viability and marketability of KCBY-DT and KPIC-DT as standalone television stations.

There are four independent owners of full power commercial television stations in the market. Five television networks are represented including ABC, NBC, CBS, FOX, and My Network. The stations affiliated with CBS and NBC each have two full power satellites to cover the DMA. The ABC and FOX affiliates have translators to achieve this coverage.

Ranked as the 121st largest DMA in the U.S., the Eugene, Oregon market covers an extremely large geographic area stretching nearly 200 miles across the state of Oregon. Its geographic size essentially mandates the use of a satellite to properly serve the viewing public. The population growth for the market was 0.5 percent for the past five years, and population growth of less than 1.0 percent is projected through 2017. In addition, according to BIA Kelsey, the market is ranked only 134th in terms of television advertising revenue, a level well below its population rank of 121st. This indicates a television economy where there is less advertising revenue available for the pool of stations than most markets of comparable population. Total DMA television advertising dollars declined 3.0 percent from 2007 to 2012. BIA Kelsey projects growth over the next five years of only 2.3 percent.

The competition among the major network affiliated stations in this DMA is very strong. KVAL-DT and its satellites KCBY-DT and KPIC-DT, the subjects of this letter, lead the market with an estimated revenue share of 27.4 percent, while the ABC affiliate is close behind with an estimate share of 25.0 percent. The Fox affiliate has an estimate share of 21.5 percent and the NBC affiliate and its satellites have an estimated 19.9 percent of market revenues.

Given this level of competition, KVAL-DT needs its satellite stations, KCBY-DT and KPIC-DT, the subjects of this letter, to effectively compete with the other owners in the market. The level of service provided to the various communities that make up this geographically challenging market would be diminished significantly if KVAL-DT was forced to operate without KCBY-DT or KPIC-DT. Coverage maps for KVAL-DT, KCBY-DT and KPIC-DT are attached to this letter.

Finally, both KCBY-DT and KPIC-DT would be unable to operate as viable standalone full power stations. On its own, neither station provides a signal remotely capable of covering the market or even Eugene, the largest city in the DMA. KCBY-DT's coverage would be limited to an area around Coos Bay and KPIC-DT's coverage is centered more on Roseburg, both on the southern fringes of the DMA. Given that all of the major network affiliations are already present in the DMA, there would be no primary network television programming available to either KCBY-DT or KPIC-DT, and the stations would not have access to programming sufficient to viably compete for audience and revenue. More importantly, not only would the stations have to function with limited signals without primary network programming, viewers in the coverage area would be denied CBS network programming via over-the-air service, as well as all the local news, weather and public service programming that KVAL-DT provides via its



satellites KCBY-DT and KPIC-DT to these viewers. It is precisely this type of DMA that illustrates the importance of satellites in reaching a geographically large market.

As a broker, I believe that the marketing of KCBY-DT and KPIC-DT as standalone stations would be unsuccessful given the marginalized nature of the operation, and knowing that a buyer would be hard pressed to find compelling programming sufficient to survive. It is highly unlikely that a knowledgeable and experienced television operator could be found that could provide a viable full service operation to outlying communities with KCBY-DT or KPIC-DT as standalone stations.

Sincerely,

A handwritten signature in black ink, reading "W. Lawrence Patrick". The signature is written in a cursive, flowing style.

W. Lawrence Patrick
Managing Partner



KVAL-TV-D

BLCDT20090612AGY
Latitude: 44-00-07 N
Longitude: 123-06-53 W
ERP: 30.64 kW
Channel: 13
Frequency: 213.0 MHz
AMSL Height: 640.7 m
Elevation: 394.7 m
Horiz. Pattern: Omni

KPIC-D

BLCDT20120423ABP
Latitude: 43-14-08 N
Longitude: 123-19-18 W
ERP: 50.00 kW
Channel: 19
Frequency: 503.0 MHz
AMSL Height: 502.8 m
Elevation: 453.8 m
Horiz. Pattern: Directional

KCBY-TV-D

BLCDT20090612AGE
Latitude: 43-23-26 N
Longitude: 124-07-46 W
ERP: 5.00 kW
Channel: 11
Frequency: 201.0 MHz
AMSL Height: 316.0 m
Elevation: 261.0 m
Horiz. Pattern: Directional

KVAL-TV-D - 36.00 dBu - Main	
Population	Housing Units (sq. km.)
1,017,198	436,475 40,285.4
KCBY-TV-D - 36.00 dBu - Sat	
Population	Housing Units (sq. km.)
90,396	46,618 16,162.6
KPIC-D - 39.25 dBu - Sat	
Population	Housing Units (sq. km.)
159,947	72,818 14,132.7

KVAL-TV FCC Digital 36 dBu Contour

KCBY-TV FCC Digital 36 dBu Contour



KVAL-TV, Eugene-MAIN
KCBY-TV, Coos Bay-SAT
KPIC, Roseburg-SAT

