

Exhibit 18

Multiple Ownership Showing

I. Introduction

By this application, Marquee Broadcasting Georgia, Inc. (“Marquee”) and Gray Television Licensee, LLC (“Gray” and collectively with Marquee the “Applicants”) hereby respectfully request Commission consent to the assignment of license of WSWG(TV), Valdosta, Georgia (Facility ID 28155) from Gray to Marquee. Marquee and Sunbelt-South Telecommunications, LTD (“Sunbelt”) recently filed an application seeking Commission consent to the assignment of license of WSST-TV, Cordele, Georgia (Facility ID 63867) in the Albany DMA from Sunbelt to Marquee.¹ The Commission granted the WSST Assignment Application on July 31, 2018,² and the parties intend to consummate that transaction on August 31, 2018. Thus, upon consummation of all pending and outstanding transactions, Marquee would own two full power television stations in the Albany DMA.

II. Compliance with Local Television Ownership Rule

In its 2017 *Order on Reconsideration* in the media ownership proceeding, the Commission modified its local television ownership rule.³ Prior to the *Order on Reconsideration*, the Commission’s rules prohibited any entity from owning two stations unless there were eight independent voices (including commercial and noncommercial stations)

¹ See FCC File No. BALCDT-20180613AAC (the “WSST Assignment Application”).

² See Public Notice, Report No. 49292.

³ 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*”).

remaining in the market (the “Eight-Voices Test”) after the proposed combination. Moreover, the Commission’s rules prohibited any entity from acquiring a second top-four television station in a market (the “Top Four Prohibition”). In the *Order on Reconsideration*, the Commission eliminated the Eight-Voices Test. In addition, the Commission adopted a case-by-case approach for evaluating proposals seeking common ownership of two Top-Four stations.⁴ To determine whether the public interest benefits of such proposals outweigh the potential for reduced competition, the Commission will consider information such as: “(1) ratings share data of the stations proposed to be combined compared with other stations in the market; (2) revenue share data of the stations proposed to be combined compared with other stations in the market, including advertising (on-air and digital) and retransmission consent fees; (3) market characteristics, such as population and the number and types of broadcast television stations serving the market (including any strong competitors outside the top-four rated broadcast television stations); (4) the likely effects on programming meeting the needs and interests of the community; and (5) any other circumstances impacting the market, particularly any disparities primarily impacting small and mid-sized markets.”⁵

III. Compliance with the Top Four Prohibition

Common ownership of WSWG(TV) and WSST-TV complies with the Top Four Prohibition because Nielsen does not consider WSST-TV to be among the top four ranked stations in the Albany DMA. During the May 2018 Nielsen “sweeps” period, which is the most recent ratings period for which data is available, WSWG(TV) was the second ranked station in

⁴ *Order on Reconsideration* at 9836 ¶ 78.

⁵ *Order on Reconsideration* at 9838-39 ¶ 82.

the Albany, DMA. Meanwhile, WSST-TV was the ninth ranked station according to Nielsen, placing WSST-TV behind several stations that are located in and assigned to an adjacent DMA, the multicast signals of certain in-DMA stations, and the local public broadcasting station – WABW-TV.⁶ If one only considers in-DMA stations, WSST-TV is the eighth ranked station.

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Station	Affiliation	Nielsen Assigned DMA	May 2018 9AM-Midnight Audience Share	Ranking Among All Stations	In-DMA Ranking
WALB-TV	NBC	Albany	15.9	1	1
WSWG(TV)	CBS	Albany	6.7	2	2
WFXL(TV)	FOX	Albany	5.5	3	3
WALB-TV (D2)	ABC	Albany	2.6	4	4
WCTV(TV)	CBS	Tallahassee-Thomasville	1.3	5	N/A
WSWG(TV) (D2)	MeTV	Albany	1.2	6	5
WABW	PBS	Albany	0.6	7	6
WSWG(TV) (D3)	CW	Albany	0.4	8	7
WSST-TV	IND	Albany	0.4	9	8
WTWC-TV (D2)	FOX	Tallahassee-Thomasville	0.3	10	N/A
WTWC-TV	NBC	Tallahassee-Thomasville	0.2	11	N/A
WXGA	PBS	Jacksonville	0.1	12	N/A

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⁶ Applicants may demonstrate compliance with the Top-Four Prohibition in Section 73.3555(b)(ii) by providing audience share data for stations as reported by Nielsen Media Research. To qualify for reporting, a station must have a Nielsen cume rating above 2.5%, which often will include multicast subchannels. *See* The Nielsen Company, 2017-2018 Local Reference Supplement, at 11-4. Accordingly, when confirming a station's ranking for purposes of the Top Four Prohibition the Commission should include multicast subchannels because Nielsen's ratings – upon which the rules are based – include such multicast subchannels.

Even if the Commission only considers the rankings of the primary channel on full power stations assigned to the Albany DMA, WSST-TV is still the fifth ranked station in the DMA, behind commercial stations WALB-TV, WSWG(TV) and WFXL(TV) and noncommercial station WABW-TV in all-day (9am-midnight) audience share.⁷ Therefore, the proposed assignment of WSWG(TV) complies with the Commission's local television ownership rule.

IV. Compliance with the Local Ownership Rule Under the Case-By-Case Approach

Even if WSST-TV were deemed a Top Four station, common ownership of WSWG(TV) and WSST-TV would be permissible under the Commission's case-by-case approach due to the specific circumstances in the Albany DMA and the multitude of public interest benefits that the proposed transaction will yield. The transaction, if consummated, would allow Marquee to bring together the resources of two stations that when operated together will increase efficiencies. Those efficiencies will provide capital to improve the facilities and programming of both stations, which will allow the stations to compete more effectively with the dominant station in the market. As demonstrated below, permitting Marquee to jointly operate WSWG(TV) and WSST-TV will yield tremendous public interest benefits that far exceed any possible harm to consumers.

⁷ See Exhibit [x]. **[FILED CONFIDENTIALLY]** While noncommercial stations generally are not considered attributable under the Commission's rules, the Commission did count noncommercial stations in its former Eight-Voices Test, because noncommercial broadcasters promote competition and diversity within a local market. Thus, with respect to the Commission's current local television ownership rule, Applicants assert that all noncommercial and commercial full power and low power stations that receive Nielsen ratings within a specific market should be counted when determining which stations are among the Top Four of that market.

1) Ratings Share Data

By any measure of Nielsen' ratings and audience share data for the Albany DMA, WALB(TV) leads the market, and WALB(TV) has been the top rated station in the Albany DMA since it signed on in 1954. Part of WALB(TV)'s strength can be attributed to the fact that for decades, it was the only source of local news in the DMA. Notwithstanding the efforts of WFXL(TV), WSST-TV, and WSWG(TV), viewers in the market remain loyal to WALB(TV).

As of the date of this application, WALB(TV) is the {{**BEGIN HCI** top ranked station, **END HCI**}} WSWG(TV) is the distant {{**BEGIN HCI** second ranked **END HCI**}} station and WSST-TV is the {{**BEGIN HCI** eleventh ranked **END HCI**}} station in the market. The proposed combination of WSWG(TV) and WSST-TV will provide a stronger competitor against WALB(TV), which easily earns a higher rating and audience share than WSWG(TV) and WSST-TV combined. Indeed, during the May 2018 "sweeps" period, the ratings of WALB(TV)'s NBC and ABC streams combined for a rating of {{**BEGIN HCI** 6.5 **END HCI**}} and an audience share of {{**BEGIN HCI** 18.5. **END HCI**}} All of the other stations that garnered ratings in the Albany market during the same "sweeps" period (which includes several out-of-market stations) barely exceeded WALB(TV)'s combined ratings with a combined rating of {{**BEGIN HCI** 6.73 **END HCI**}} and an audience share of {{**BEGIN HCI** 19.2. **END HCI**}} As demonstrated in the ratings information that is attached as Exhibit [x], WALB(TV)'s dominance in the Albany market has been long-standing and consistent.⁸ As such, combining

⁸ See Exhibit [x] – Nielsen audience share data for 9 a.m. – midnight daypart [**FILED CONFIDENTIALLY**]. Section 73.3555(b) of the Commission's rules refers to all-day audience share (9 a.m. – midnight) with respect to determining whether a station is considered a top-four station at the time an assignment application is filed. Exhibit A includes the 9 a.m. – midnight audience share data. In addition, the Applicants submit as Exhibit [x] [**FILED CONFIDENTIALLY**], the Nielsen audience share data for the 3 a.m. – 3 a.m. daypart, which

WSWG(TV) and WSST-TV will not harm competition. In fact, it will enhance competition because, once Marquee is able to operate both stations jointly, it will have a stronger competitor in the market.

WSWG(TV)'s ratings are due in part to technical facilities that handicap the ability to serve Albany, GA. As demonstrated in the attached Exhibit [x], WSWG(TV)'s over-the-air contour does not even reach Albany, which is the heart of the market.⁹ Moreover, while WSWG(TV) recently filed an application to modify its post-repack facilities, the new facilities still will not allow WSWG(TV) to reach Albany with an over-the-air signal.¹⁰

WSST-TV's audience share over the past three years is even lower. WSST-TV is an independent station that airs locally produced and syndicated programming. Operating an independent broadcast television station in a small market is difficult, because the affiliates of the "Big Four" networks and PBS account for the vast majority of viewership. Over the last three years, WSST-TV has consistently been ranked behind every other full-power station in the market, including the market's PBS affiliate WABW-TV. For example, during the May 2018 "sweeps" period, WABW-TV earned a rating of {{BEGIN HCI 0.20 END HCI}} and an audience share of {{BEGIN HCI 0.60. END HCI}} WSST-TV, on the other hand, earned a rating of {{BEGIN HCI 0.13 END HCI}} and an audience share of {{BEGIN HCI 0.40. END HCI}} And in many other "sweeps" periods, WABW-TV earned more than two or three times the ratings and audience share of WSST-TV.

more accurately reflects viewership in the local market, because it includes ratings for locally produced newscasts that the stations air outside of the 9 a.m. – midnight time frame.

⁹ See Exhibit [x].

¹⁰ See FCC File No. 0000058930.

Stations in the Albany market also compete with cable networks that often out-perform stations in the market. As the audience share data included in Exhibit [x] demonstrates, the combined audience shares for cable networks easily exceeded the combined audience shares for the broadcast television stations in each of the four sweeps seasons during the last year.¹¹ For example, in the last year, cable networks' total audience share exceeded the total of the broadcast audience shares in two of the four sweeps periods:

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Sweeps Period	Combined Broadcast Audience Share	Combined Cable Audience Share
May 2018	36.4	55.5
February 2018	39.3	46.9
November 2017	41.1	46.1
July 2017	36.7	50.5

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2) Revenue Share Data¹²

The Albany DMA has a limited advertising revenue base and the Albany stations compete vigorously to earn their share. BIA Advisory Services ("BIA") estimates that the

¹¹ See Exhibit [x]. **[FILED CONFIDENTIALLY]**

¹² Applicants have not included herein an analysis of retransmission consent revenue for the Albany DMA. While SNL Kagan and BIA Advisory Services prepare estimates of retransmission consent revenues for every station in the country, those estimates are based on data extrapolated from public company reports, and for non-public companies, the estimates are not based on data that is made available publicly. These estimated retransmission consent revenues cannot be used to accurately compare in-market television stations, because rates included in retransmission consent agreements are not based upon local market factors. Instead, they depend on a number of unrelated factors, including when the agreements with MVPDs were signed, the number of subscribers for each MVPD, competition from cable networks, inclusion of rights to retransmit station programming through an over-the-top provider, and many other factors that are not based upon the competitive balance within a station's local market. Moreover, large station groups often negotiate retransmission consent agreements with large nationwide or regional MVPDs on a nationwide basis without taking into account any specific

Albany market had a total of just \$16.5 million dollars in over-the-air advertising revenue in 2017. WSWG(TV), WSST-TV, and WFXL(TV) have had a difficult time earning a competitive share of the market's modest advertising revenue base. Indeed, WALB(TV)'s position in the Albany market translates into large share of the advertising revenue for the Albany DMA. Between 2013 and 2017, BIA estimates that WALB(TV)'s advertising share exceeds all other stations assigned to the Albany DMA. Specifically, BIA estimates that WALB(TV) had between {{**BEGIN HCI** 70.9% to 73.5% **END HCI**}} of the advertising revenue during that period of time.¹³ With respect to WSWG(TV) and WSST-TV, the stations garnered a combined advertising share of approximately {{**BEGIN HCI** 13-14% **END HCI**}} during those same five years.

SNL estimates on local advertising revenue shares paint a similar picture to the estimates of BIA.¹⁴ Specifically, the following chart provides SNL's estimates for local broadcast television advertising revenue shares for the four commercial stations in the Albany DMA:

provisions based upon an included station's performance in its respective market. Retransmission consent revenue numbers also are gross estimated revenues, not net. Therefore, they do not account for the high cost of programming, which varies from station to station and market to market. Moreover, estimates from BIA and SNL often vary by a wide margin, which demonstrates that neither source appears to have sufficiently robust and accurate data from which to base a reasoned analysis. WSST-TV will, in any event, be carried pursuant to must-carry through at least December 31, 2020.

¹³ See Exhibit [x]. **[FILED CONFIDENTIALLY]**

¹⁴ See Exhibit [x]. **[FILED CONFIDENTIALLY]**

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Call Sign	2013	2014	2015	2016	2017	2013-2017 Average
WALB(TV)	65.15%	65.73%	65.64%	65.97%	66.22%	65.74%
WSWG(TV)	10.88%	10.87%	10.93%	11.04%	11.04%	10.95%
WSST-TV	4.41%	4.43%	4.45%	4.47%	4.49%	4.45%
WFXL(TV)	18.80%	18.75%	18.61%	18.56%	18.53%	18.65%

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The above chart demonstrates the relative strength of WSWG(TV), WSST-TV, and WFXL(TV) in a market with a legacy station like WALB(TV). While WSWG(TV) and WSST-TV have incrementally improved their share of the advertising revenue, it was only at the expense of WFXL(TV). Stated differently, while WSWG(TV), WSST-TV, and WFXL(TV) compete aggressively with each other for the limited advertising revenue in the Albany DMA, they continue to fall well short of Albany's leading station WALB(TV).

The above analysis does not consider the economic competition that Albany's local broadcast television stations face from television stations from adjacent DMAs, MVPDs, newspapers, radio broadcast stations, and various online competitors. Including those sources of competition in the analysis would reaffirm the fact that Marquee's acquisition of WSWG(TV) and WSST-TV will not negatively affect competition for advertising shares in the Albany DMA; instead, combining the two stations will allow for competition to intensify.

3) Market Characteristics and Other Circumstances Impacting the Market

Nielsen ranks the Albany DMA as television market 154. The Albany DMA is comprised of 17 counties that cover approximately 6,400 square miles in southern Georgia. According to Nielsen, the Albany DMA has 134,510 television households or 0.120% of the national television audience. By comparison, the Washington, D.C. (Hagerstown) DMA has

2,492,170 television households, which is 18.5 times the number of television households in the Albany DMA. Indeed, Prince William County, VA (Manassas) alone has 10,000 more TV households than the entire Albany DMA. And unlike Prince William County, the Albany market is not growing rapidly.

The Albany market's sparse population creates challenges for stations that want to compete by producing local programming that responds to the information needs of their communities. As discussed in Gray's notice of *ex parte* presentations dated June 28, 2017,¹⁵ producing local news in small markets can be cost prohibitive. Producing and distributing the first unit of content is expensive, while the cost of distributing content to additional consumers is very low. In small markets, there are limited revenue opportunities to cover the high fixed capital and operating costs associated with running a station in addition to the variable costs that often come with improving service to a station's local community. In Albany, it is even more challenging because the advertising revenue is concentrated in a single station, which can have a disproportionately negative impact on the remaining stations in the market.

WALB(TV) currently employs almost 100 people and operates its main studio in Albany along with news bureaus in Valdosta and Thomasville, Georgia.¹⁶ WALB(TV) produces 34 and a half hours of local news across its three channels each week, which is more local news than the rest of the market combined. Nielsen ratings for the local newscasts confirm WALB(TV)'s strength in the local market. In almost every sweeps period over the past three years,

¹⁵ Gray's notice of *ex parte* presentations is attached as Exhibit [x].

¹⁶ Dave Miller, *WALB History*, WALB.COM (May 17, 2017), <http://www.walb.com/story/55537/walb-history>.

WALB(TV)'s local news on its primary and secondary channels have been the top two news sources.¹⁷

Indeed, the other “Big Four” affiliated stations in the Albany DMA do not produce their own programming locally. For example, Gray has been operating WSWG(TV) for a decade, and Gray has not started a local news operation in the market, because the economics did not justify that investment. Instead, its “local news” is a simulcast of the news from its sister station, WCTV(TV), which is assigned to the Tallahassee, Florida – Thomasville, Georgia DMA. WCTV(TV) main studio is in Tallahassee, more than 75 miles from Albany, and WCTV(TV) focuses its news coverage on issues that are important to Floridians. Similarly, Sinclair’s WFXL(TV) airs five hours per week of local newscasts that are produced by its sister station in the adjacent Macon, Georgia DMA.

The challenges of operating in a small market, however, can be overcome by operating stations jointly to distribute the costs across a larger base. Broadcasters are able to generate economies of scope by spreading substantial upfront capital investments across a broad base that is sufficient in audience size to generate a return on the investments, which comes from the opportunity to monetize the content by selling advertising space to meet customers’ demand for those services. It is a standard economic implication that fixed cost investments require scale to be profitable. Upfront investments that must be made by any broadcaster in any market, *regardless of the size of the DMA, the breadth of the viewers, and amount of demand for local*

¹⁷ See Exhibit [x]. **[FILED CONFIDENTIALLY]** Exhibit [x] provides the total local news production per sweeps period (in quarter hours) as well as gross ratings points (“GRPs”). GRPs are a unit of measurement of audience size. GRPs are used to measure the exposure to one or more programs or commercials, without regard to multiple exposures of the same advertising to individuals.

advertising services, include the costs to acquire a license, building/maintaining studio facilities, hiring talented staff to produce and distribute content, operating digital facilities, acquiring and/or producing high quality network, syndicated and local programming efficiently, promoting this programming in a very crowded media marketplace, and selling advertising inventory in sufficient quantities and at sufficient rates to generate the income needed to support the station's broadcasting activities. Accordingly, realization of economies of scope is important because they "are associated with falling unit costs of production – that is, with the production of more output at lower average cost – and hence are *prima facie* welfare enhancing."¹⁸ As described above, the small economic base in the Albany DMA makes generating efficiencies of scale and scope critical for WSST-TV and WSWG(TV).

Granting the instant application and allowing Marquee to acquire the license for WSWG(TV) will permit Marquee the opportunity to compete more effectively in the Albany market and in turn, provide better service to consumers. Currently, WSST-TV airs 25 hours of locally produced news and entertainment programming. If the instant transaction is approved, Marquee will be able place some of its local programming on WSWG(TV) in lieu of simulcasting news from another market. With these economies of scale, and a lower-cost structure for the combined broadcast operations of WSST-TV and WSWG(TV) in the Albany market, the instant transaction will make it economically feasible for Marquee to invest in the facilities and programming of the stations in order to better serve the local community. Marquee will be able to pool programming, sales, and back office resources and use the synergies gained

¹⁸ Jeffrey A. Eisenach & Kevin W. Caves, *The Effects of Regulation on Economies of Scale and Scope in TV Broadcasting*, at 1 (attached to the Reply Comments of the National Association of Broadcasters, *In re Amendment of the Commission's Rules Related to Retransmission Consent*, MB Docket No. 10-71 (Jun. 27, 2011)).

by the transaction to help improve service to the stations' local communities. In turn, Marquee's incremental investments in its facilities and programming are expected to lead to increased locally produced content and advertising avails.

4) Effects on Programming Meeting the Needs and Interest of the Community

Most importantly, combining the resources of WSST-TV and WSWG(TV) will allow Marquee to deliver enhanced local news programming to the community. WSWG(TV)'s local news is currently a simulcast of the local news programming produced by WCTV, a station in the Tallahassee market. While WSST-TV has produced local news for the Albany market, its ability to do so has been severely limited.

By combining the resources of WSST-TV and WSWG(TV), Marquee will be able to generate synergies that will provide Marquee resources it needs to deliver a truly local news product for WSWG(TV), and an increased amount of local news on WSST-TV. Marquee plans to merge significant parts of the operations of both stations and use that savings to enhance its local news. Marquee also intends to simulcast some of WSST-TV's locally produced programming on WSWG(TV). Moreover, the newsgathering and production resources available to both stations will also enable Marquee to cover issues in greater depth, providing enhanced service to all residents of the DMA.

In total, Marquee's common ownership of WSST-TV and WSWG(TV) would serve the public interest, convenience, and necessity without harming viewers in the Albany DMA. Marquee, therefore, respectfully requests that the Commission permit common ownership of the stations pursuant to Section 73.3555(b)(2) of its rules.