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April 4, 2019

Marlene H. Dortch, Esquire  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Attn: David Brown, Media Bureau

Dear Ms. Dortch:

In a May 10, 2018 report submitted to the FCC ("Economic Analysis in Support of Compliance Statement for Gray Television Acquisition of KDLT-TV, Sioux Falls, SD"), I outlined a number of reasons why Gray's acquisition of KDLT-TV would lead to a more competitive marketplace resulting in improved service to that local community. Recently, there has been some concern raised that the combination of this number two ranked (in terms of just local market television advertising revenue share) with the number three ranked station would lead to an excess of market power in the Sioux Falls, SD market, where if the proposed acquisition was between a third and fourth ranked station, then it would be less troubling.

In that earlier report, I highlighted several reasons why the proposed acquisition should not be a concern, and in fact, would make that market more competitive. As for the specific concern about a second ranked station combining with a third ranked station (as opposed to a third combining with a fourth), that too should not be troubling. In fact, there are 59 markets where the combination of the number three and number four ranked stations (in terms of revenue shares) would equal or exceed the level of the proposed acquisition.

To begin, I examined the revenue shares for the past five years<sup>1</sup> for all markets with four or more commercial television stations. The average shares for these five years of the number three and number four ranked station in 2017 were calculated. Table 1 below shows those markets where the combined share of the third and fourth ranked station was equal to or exceeded the 33.7% that we calculated (in the earlier submitted report) for the proposed acquisition in Sioux Falls, SD.

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<sup>1</sup> BIA Advisory Services maintains a database (Media Access Pro™) of all commercial and noncommercial television and radio stations, as well as daily and weekly newspapers. Included in that database are annual estimates of the stations' over-the-air advertising revenue. The 2018 revenue estimates are presently being compiled so the years examined were 2013-2017.

Table 1- Television Markets Where the Combination of the Third and Fourth Ranked Stations Revenue Equals or Exceeds the Proposed Acquisition Revenue Share					
Market Rank	Market Name	Rev. Share (#3+4)	Market Rank	Market Name	Rev. Share (#3+4)
34	Columbus, OH	44.4%	68	Roanoke-Lynchburg, VA	36.2%
123	Eugene, OR	43.6%	22	Portland, OR	36.2%
130	La Crosse-Eau Claire, WI	42.2%	31	San Antonio, TX	36.0%
166	Yuma, AZ-El Centro, CA	41.9%	5	Dallas-Ft. Worth, TX	36.0%
139	Rockford, IL	41.5%	132	Chico-Redding, CA	35.8%
135	Medford-Klamath Falls, OR	41.2%	151	Erie, PA	35.8%
36	Milwaukee, WI	40.8%	49	Grand Rapids-Kalamazoo, MI	35.8%
41	Harrisburg-Lancaster-Lebanon, PA	40.5%	30	Salt Lake City, UT	35.7%
109	Reno, NV	40.2%	94	Charleston, SC	35.6%
82	Champaign-Springfield-Decatur, IL	40.1%	37	West Palm Beach-Ft. Pierce, FL	35.5%
58	Mobile, AL-Pensacola, FL	39.7%	103	Evansville, IN	35.5%
91	Colorado Springs-Pueblo, CO	39.6%	107	Greenville-New Bern, NC	35.4%
80	Rochester, NY	39.5%	89	Waco-Temple-Bryan, TX	35.3%
153	Joplin, MO-Pittsburg, KS	39.3%	42	Jacksonville, FL	35.3%
56	Richmond-Petersburg, VA	39.1%	27	Nashville, TN	34.9%
86	Madison, WI	39.0%	13	Seattle-Tacoma, WA	34.9%
19	Cleveland-Akron, OH	38.9%	77	Spokane, WA	34.7%
48	Louisville, KY	38.9%	59	Albany-Schenectady-Troy, NY	34.5%
154	Rochester, MN-Mason City, IA	38.5%	8	San Francisco-Oakland, CA	34.5%
35	Cincinnati, OH	38.2%	57	Little Rock-Pine Bluff, AR	34.2%
38	Greenville-Spartanburg, SC	37.9%	72	Springfield, MO	34.2%
171	Rapid City, SD	37.8%	92	Jackson, MS	34.1%
131	Amarillo, TX	37.7%	39	Las Vegas, NV	34.1%
32	Kansas City, KS-MO	37.3%	74	Columbia, SC	34.0%
14	Detroit, MI	37.0%	45	Oklahoma City, OK	33.9%
6	Washington, DC	36.8%	134	Wausau-Rhineland, WI	33.8%
76	Wichita - Hutchinson, KS	36.7%	9	Boston, MA	33.7%
40	Austin, TX	36.6%	51	Memphis, TN	33.7%
33	Hartford-New Haven, CT	36.5%	66	Honolulu, HI	36.2%
15	Minneapolis - St. Paul, MN	36.5%			

What this comparison of a combination of third and fourth ranked stations with the proposed Gray acquisition highlights is the dominance of the largest television station in the Sioux Falls, SD market. KELO-TV has long been a dominant number one television station with more than 50% of the local television over-the-air advertising. As the report suggests, "This proposed acquisition will allow Gray to bring more competitive pressure to the dominant station in the market, KELO-TV."



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