

Description of the Transaction

On February 8, 2018, Legacy Broadcasting of Wyoming, LLC (“Legacy”) entered into a Purchase Agreement with Silverton Broadcasting Company, LLC (“Silverton”) whereby Legacy would acquire KTWO-TV, Casper, Wyoming. On the same day, Legacy entered into a separate Purchase Agreement with Wyomedia Corp. (“Wyomedia”) whereby Legacy would acquire KFNB(TV), Casper, Wyoming; KFNR(TV), Rawlins, Wyoming; KFNE(TV), Riverton, Wyoming; and KLWY(TV), Cheyenne, Wyoming. Legacy is a female-owned broadcasting company whose principal, Sherry Nelson, is an experienced broadcaster. As demonstrated below, the proposed transactions comply with the Commission’s new local television ownership rule, as adopted in the November 2017 *Order on Reconsideration and Notice of Proposed Rulemaking*.¹

I. Overview

Silverton and Legacy along with Wyomedia and Legacy concurrently filed separate FCC Form 314 applications (the “Applications”) seeking Commission consent to the assignment of the following stations:

Current Licensee	Call Sign	Facility ID	Community of License	DMA
Silverton Broadcasting Company, LLC	KTWO-TV	18286	Casper, Wyoming	Casper-Riverton, WY
Wyomedia Corporation	KFNR(TV)#	21612	Rawlins, Wyoming	Denver, WY
Wyomedia Corporation	KFNE(TV)#	21613	Riverton, Wyoming	Casper-Riverton, WY
Wyomedia Corporation	KFNB(TV)	74256	Casper, Wyoming	Casper-Riverton, WY
Wyomedia Corporation	KLWY(TV)	40250	Cheyenne, Wyoming	Cheyenne, WY

KFNR(TV) and KFNE(TV) rebroadcast the programming of KFNB(TV).

Legacy’s ownership of each of the above broadcast stations complies with the Commission’s ownership rules. Legacy does not currently hold an attributable interest in the licensee of any full power television stations in any of the markets in which the stations are located. KFNR(TV) is licensed to a community located within the Denver DMA, a market in which Legacy does not have any attributable interest. Legacy herein submits a request for satellite authority for KFNE(TV) so it can continue to rebroadcast KFNB(TV) with an over-the-air signal over the western portion of the Casper DMA.

¹ 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 (Reconsideration Order and NPRM), *Order on Reconsideration and Notice of Proposed Rulemaking*, 32 FCC Rcd 9802, 9832-40 ¶ 69-85 (2017) (“*Recon Order*”).

II. Denver, CO DMA

Legacy's Ownership of KFNR(TV) Complies with the Updated Local Television Ownership Rule

KFNR(TV) is licensed to Rawlins, Wyoming, which is located in Carbon County, Wyoming. Carbon County, Wyoming is part of the Denver, Colorado DMA. Notwithstanding the fact that KFNR(TV)'s community of license is located in the Denver DMA, Nielsen has assigned KFNR(TV) to the Casper-Riverton, WY DMA, because KFNR(TV) rebroadcasts the signal of KFNB(TV). However, as the Commission has previously held, for purposes of application of the Commission's Local Television Ownership Rule, the station's community of license determines a station's market for purposes of compliance with the rule.² In this case, upon consummation of the proposed transactions, Legacy's only attributable interest in a full-power television station in the Denver DMA will be KFNR(TV). Therefore, Legacy's ownership of KFNR(TV) would comply with the Commission's local television ownership rule.

III. Casper-Riverton, WY DMA

The Combination of KTWO-TV and KFNB(TV) Under Common Ownership Complies with the Updated Local Television Ownership Rule.

Upon consummation of the proposed transactions, Legacy will hold an attributable interest in full-power main stations KTWO-TV and KFNB(TV) and satellite stations KFNR(TV) and KFNE(TV). Under the Commission's new local television ownership rule, which took effect on February 7, 2018,³ Legacy may hold an attributable interest in two full-power television stations so long as at least one of the stations is not ranked as a Top-4 station in the market.⁴ KTWO-TV, the ABC affiliate for the Casper-Riverton DMA consistently ranks among the top-3 stations in the market. During the May 2017 sweeps, it was the top rated station in the market. Later that year, during the July and November sweeps, KTWO-TV ranked second and third in the market, respectively. KFNB(TV), the local Fox affiliate, has ranked as the fifth highest station in the market throughout that time period (and therefore including the most recently completed sweeps period of November 2017) behind KCWY-DT (NBC), KGWC-TV (CBS), KTWO-TV (ABC), and KWYF-LD (MeTV).

Common ownership of KTWO-TV and KFNB(TV) by an experienced television broadcaster will produce real public interest benefits as described in the *Recon Order*.⁵ The Casper-Riverton DMA is the 198th ranked DMA in the country and has a limited advertising base, for which there is vigorous competition. Combining KFNB, which is the market's fifth

² See Schurz Communications, Inc., *Opinion*, 31 FCC Rcd 1113 (2016).

³ The *Recon Order* was published in the Federal Register on January 8, 2018. 2014 Quadrennial Regulatory Review, 83 Fed. Reg. 733 (Jan. 8, 2018). The Commission's updated local television ownership rule took effect 30 days after publication in the Federal Register on February 7, 2018.

⁴ See 47 C.F.R. § 73.3555(b); See also *Recon Order* at 9834-9836, ¶ 73-76.

⁵ *Id.*

ranked station, with the stronger KTWO-TV will permit efficiencies that could not be obtained under separate ownership structures.

Grant of a Satellite Waiver for KFNE(TV) is in the Public Interest.

Legacy respectfully requests a satellite waiver for KFNE(TV) so that it may continue to serve the public in its sparsely populated service area. KFNE(TV) has rebroadcast the signal of KFNB(TV) for many years. A satellite waiver will allow KFNE(TV) to continue providing over-the-air television service to the western portion of the Casper DMA as the Commission has previously recognized is in the public interest.⁶

The Commission's satellite policy⁷ set out three criteria under which the Commission will presume that the common ownership of a main and satellite station is in the public interest. Those criteria are:

1. there is no City Grade overlap between the parent and the satellite stations;
2. the proposed satellite will provide service to an underserved area; and
3. no alternative operator is ready and able to construct or purchase and operate the satellite as a full-service station.⁸

Alternatively, if the applicant cannot demonstrate the requirements to qualify for the presumption, the Commission reviews proposals on an *ad hoc* basis to determine whether compelling circumstances warrant grant of the application.⁹

With respect to the first criterion of the presumptive satellite waiver test, due to the digital transition, the City Grade contour no longer exists.¹⁰ Nevertheless, the Commission will

⁶ The Commission previously has acknowledged the public interest benefits resulting from combined operations of KFNB(TV), KFNE(TV), and KFNR(TV). Twice in the last decade, the Commission granted Wyomedia waivers so it could operate KFNE(TV) and KFNR(TV) without main studios. Letter from James J. Brown, Deputy Chief, Video Division, Media Bureau, to Wyomedia Corporation (Feb. 10, 2009) (granting a main studio waiver in connection with FCC File Nos. BALCT-20070329AFO and BALCT-20070329AFF); Letter from Clay C. Pendarvis, Associate Chief, Video Division, Media Bureau, to Wyomedia Corporation (Sep. 23, 2010) (granting a main studio waiver in connection with FCC File Nos. BTCCDT-20100319AEG, *et al.*). The 2010 letter was issued after the stations completed the digital conversion.

⁷ Television Satellite Stations Review of Policy and Rules, *Report and Order*, 6 FCC Rcd 4212 (1991).

⁸ *Id.* at 4213.

⁹ *Id.* at 4214.

¹⁰ New Young Broadcasting Holding Company, Inc., *Opinion*, 25 FCC Rcd 7518, 7519 (MB 2010).

consider whether the stations' analog City Grade contours overlapped prior to the transition.¹¹ The attached engineering exhibit from Chesapeake RF Consultants, LLC demonstrates that the analog City Grade contour of KFNE(TV) did not overlap the analog City Grade contour of KFNB(TV).¹² Since the completion of the digital transition, the Noise-Limited Service Contours of KFNB(TV) and KFNE(TV) have overlapped slightly.¹³

With respect to the second criterion, KFNE(TV)'s community of license is underserved. An applicant may demonstrate that a proposed satellite station serves an underserved area by demonstrating either (a) that there are two or fewer television stations (including commercial, noncommercial, and satellite stations) licensed to the station's community of license (the "transmission test") or (b) that 25 percent or more of the area within the satellite station's Grade B contour, but outside the parent station's Grade B contour is served by four or fewer full-power television stations (the "reception test"). Application of the "transmission test" demonstrates both of the satellite stations serve an "underserved" area. Each of the satellite stations is the only full-service television station licensed to its community of license. Having satisfied the "transmission test," there is no need to examine the alternative "reception test."

As described in the attached letter from Bruce Levy, operation of KFNE(TV) meets the third prong of the FCC's presumptive standard because it could not operate as a stand-alone, full-power station.¹⁴ The Casper-Riverton DMA is the 198th ranked DMA comprised of five geographically expansive counties in central Wyoming. While the market covers a large geographic area, the total population in the market is just 153,400. By far, the largest city in the market is Casper, which has a population of approximately 59,324.¹⁵ By comparison, Riverton has a population of only 10,997.¹⁶ In short, KFNE(TV) serves a licensed community (and surrounding rural communities) with far fewer people and does not provide an over-the-air signal to an economic base capable of supporting a stand-alone, full-service station.

Each of the Big 4 affiliates in the market uses satellite stations or low-power facilities to provide over-the-air service to a larger portion of the market than the primary station can reach. KFNB(TV) must continue to operate KFNE(TV) to compete effectively in the market. Accordingly, Legacy asserts that the Commission should find that Legacy has met the presumptive satellite waiver test. In the alternative, Legacy asks that the Commission grant a satellite waiver, because Legacy meets its burden under the *ad hoc* test.

¹¹ ION Media Networks Liquidating Trust, *Opinion*, 24 FCC Rcd 14579 (MB 2009) (noting that the stations' previous analog City Grade contours of the respective stations did not overlap prior to the transition to digital broadcasting).

¹² See Exhibit 1.

¹³ *Id.*

¹⁴ See Exhibit 2.

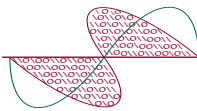
¹⁵ *Quick Facts Casper City, Wyoming*, United States Census Bureau, <https://www.census.gov/quickfacts/fact/table/caspercitywyoming/PST045216>.

¹⁶ *Quick Facts Riverton City, Wyoming*, United States Census Bureau, <https://www.census.gov/quickfacts/fact/table/rivertoncitywyoming/PST045217>.

IV. Cheyenne, WY DMA

Legacy's Acquisition of KLWY-TV Complies with the Commission's Updated Local Television Ownership Rule.

Upon grant of the Applications, Legacy will hold an attributable interest in just one full-power television station - KLWY-TV - in the Cheyenne DMA. Therefore, Legacy's ownership of KLWY-TV clearly complies with the Commission's rules.

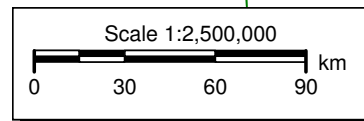
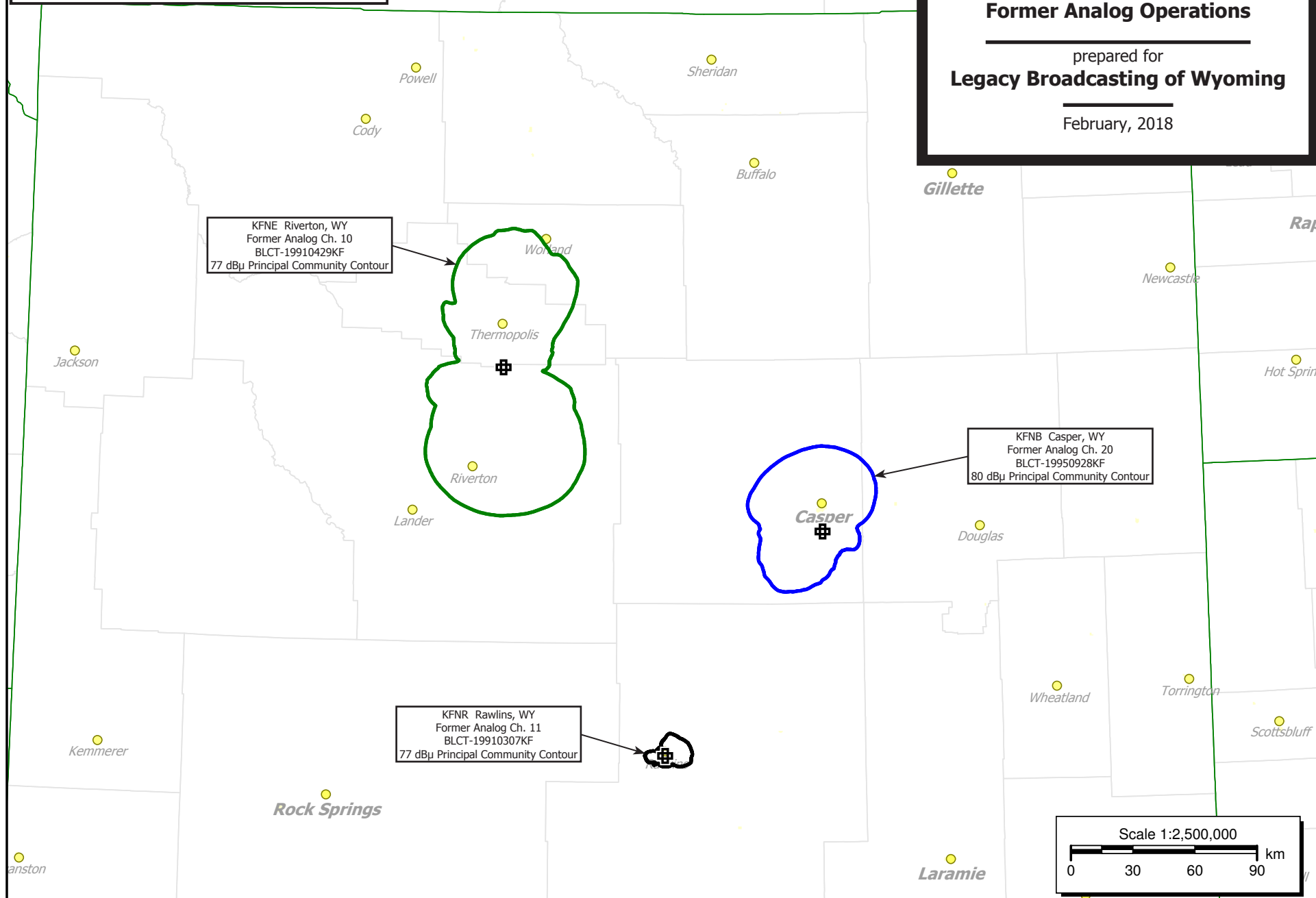


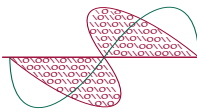
Chesapeake RF Consultants, LLC
Radiofrequency Consulting Engineers
Digital Television and Radio

Satellite Station Contours KFNB Casper, WY Former Analog Operations

prepared for
Legacy Broadcasting of Wyoming

February, 2018



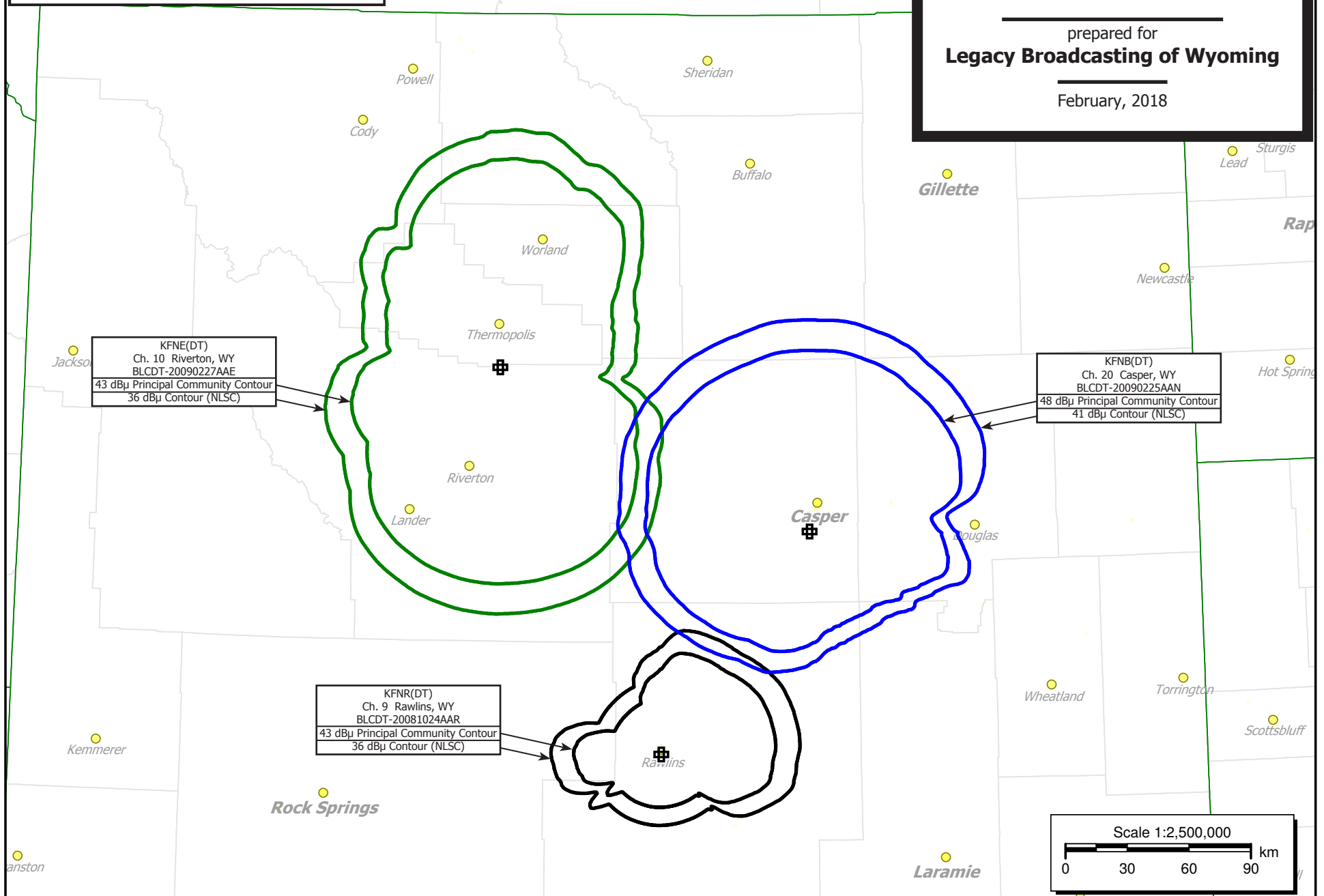


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Satellite Station Contours KFNB(DT) Casper, WY

prepared for
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February, 2018





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May 23, 2018

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

Re: KFNE(DT), Riverton, Wyoming

Dear Ms. Dortch:

I have been asked to opine on the prospects for a sale of television broadcast station KFNE(DT), Riverton, Wyoming ("KFNE") as a full service, standalone station. Based on my knowledge of KFNE, I would not recommend that the KFNE be marketed for sale as a standalone station.

KFNE is located in the Casper-Riverton, Wyoming designated market area, which has 52,190 television households. Nielsen ranks the Casper market as the 198th largest market in the country. Riverton is a rural community with an estimated population of just 10,997 people and 4,297 households. Casper, on the other hand, has a population of approximately 59,324 and 23,780 households. Unsurprisingly, each of the major networks has an existing affiliate in the market that covers Casper with an over-the-air signal.

Historically, KFNE has served as an unofficial satellite of KFNB(DT), Casper, Wyoming ("KFNB"). Today, KFNE rebroadcasts the Fox affiliated programming from KFNB without a separate technical, sales, or programming staff. The station also does not have a studio or separate capabilities of originating programming. Thus, to begin operations as a standalone station, a future buyer would need to make substantial capital investments in the facilities and staff to operate the station.

KFNE's over-the-air signal does not reach Casper or other major population centers within the Casper market. Therefore, KFNE would have trouble selling advertising, obtaining a top network affiliation, or generating significant retransmission consent revenues. Consequently, KFNE with its limited coverage and economics would have little to no chance of generating revenues to cover the substantial costs it would incur by operating a standalone station.

In conclusion, if a company converted KFNE into a full power, standalone television station, in my opinion, it would not be financially viable. There would exist no technical, sales, programming, or management absent support from a parent station's operation. The cost of

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outfitting, staffing, and programming KFNE would not be covered by the revenues that could be generated in the Riverton area. I am not aware of any instance in which a satellite station serving such a small outlying community has been converted into a viable standalone station. In other words, KFNE's only true value to the market is to serve as a satellite station of a station that also covers a more populous portion of the Casper market.

Wells Fargo has a global investment bank that provides financial, capital raising, and asset management services to a broad array of clients. Wells Fargo has been the lead broker in a number of the largest broadcast television transactions and continues to advise clients on strategic matters in the television and media industries.

Sincerely,

By: 

Bruce Levy
Managing Director
Wells Fargo Securities