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Via Email and U.S. Mail

Rep. Greg Walden
Chairman
Subcommittee on Communications and Technology
Committee on Energy & Commerce
2125 Rayburn HOB
Washington, D.C. 201515

Dear Chairman Walden:

Thank you for the opportunity to appear before the Subcommittee recently to testify on behalf of the National Association of Broadcasters at the hearing entitled, "Broadcast Ownership in the 21st Century." Enclosed are responses to questions that you submitted on behalf of Subcommittee Members in your January 13, 2016 letter to me. I appreciate the further opportunity to respond to Members' questions and trust that the Members will find the enclosed attachment responsive.

Sincerely,

/s/

Gerard J. Waldron

cc: Rep. Anna Eshoo, Ranking Member

Responses to Additional Questions for the Record

The Honorable Gus Bilirakis

1. *Mr. Waldron, I am concerned with the FCC rules effect on localism, or a preference for one's own area or region, which you highlight in your testimony.*

I agree that local content remains vitally important, and that Americans still rely on local programming for necessary information every day. Can you explain a bit further how updating these rules will allow broadcasters to retain and expand their vital role in times of emergencies and local concern?

A healthy, vibrant broadcast industry serves the public interest through locally focused news, sports, public affairs programming, and emergency services. No other industry has the responsibility – or, frankly, the ability or the incentive – to serve the needs of the public, and certainly not in 210 distinct media markets. It takes significant resources to provide up-to-the minute news, local and national emergency information and highly-valued entertainment programming. The current broadcast ownership rules inhibit broadcasters' ability to serve this basic responsibility. For example, the cross ownership rules and television duopoly rule undermine the ability of broadcasters to leverage joint resources for the benefit of local communities. The efficiency gains that will be generated by more realistic ownership rules will enable broadcasters to invest more in news and local programming, from updated weather forecasting equipment to news trucks. Regulatory policies that starve local media of capital investment serve no one – not current broadcasters, not possible new entrants, and most importantly, not the American people.

2. *Mr. Waldron, this hearing is focused on the legacy ownership regulations that were instituted around the time Elvis was still performing in Las Vegas, and I think we've heard a lot on how these rules may be actually counterproductive today.*

Aside from the FCC updating its rules, what can Congress do to improve competition, diversity, and localism for broadcasters?

There are a number of actions that Congress can take to ensure that broadcasters continue to serve communities across the country. First, Congress would improve the environment for broadcasters if it required the FCC to complete its long-delayed review of the ownership rules *and* ensured that the FCC's analysis is based on today's incredibly vast and ever-expanding video environment, and not a picture frozen in the 1970s. That is a high priority.

Second, the Incentive Auction that Congress authorized will cause many broadcasters who are committing to continuing to serve the public to relocate their antennae and other facilities, but the amount allocated for the relocation fund is likely to fall short. The Incentive

Auction should not saddle broadcasters with extraordinary expenses when they simply want to continue to serve their local communities. Similarly, the FCC has set an arbitrary and insufficient 39-month deadline for such relocation to occur given the number of stations that the FCC's own estimates suggest may need to be repacked, and the physical requirements necessary to move a broadcast station out of its current channel – including availability of tower crews, the limited number of antenna and tower manufacturers, and even seasonal weather limitations. Unfortunately, absent a change in policy at the FCC or Congressional action, it is likely that broadcast viewers will lose access to certain stations and the public good that they provide.

Finally, Congress should ensure that broadcasters are fairly compensated for the high-quality news, entertainment, and sports programming that local broadcasters deliver to their viewers. The pay-TV industry is constantly seeking to distort the process to enable them to make money off of the broadcast industry's high-quality content without fairly compensating local broadcasters. Congress should be on guard against any efforts to undermine the retransmission consent system that provides vital resources to local broadcasters.

The Honorable Anna G. Eshoo

1. *In your September testimony, you highlighted the NAB's Education Foundation and its Broadcast Leadership Training Program (BLT). Have you found a quantifiable increase in the number of minorities serving as station heads or owners since the program started? With respect to station management, why do you think there are so few minorities being elevated into positions of leadership?*

While more work needs to be done, NAB has a deep record of supporting policy initiatives to promote diversity – including reinstatement of the tax certificate program – and stands ready to work with this Committee to pursue innovative strategies to increase media diversity. Additionally, the NAB Educational Foundation's Broadcast Leadership Training (BLT) program promotes minorities and women in broadcasting through its ownership and management training curriculum. The BLT program is a 10-month Executive MBA-style program that focuses on the unique process of assessing, purchasing, owning and operating radio and television stations. It provides a blueprint for talented businesspeople to become a greater part of the industry and increase the diversity of voices available to the public.

NAB is proud of both the individual and statistical difference the BLT program has made in broadcast diversity. Since the first annual class in 2001, BLT has graduated 255 individuals, 140 (55 percent) of whom are people of color, and 205 (80 percent) of whom are women and/ or people of color. Of the 205 women and/ or people of color who completed the program, 16 (8 percent) went on to purchase their first or additional stations, 70 (42 percent – excluding owners) have been promoted, and 47 (30 percent – excluding owners) have been promoted to station management or corporate level positions. 2

2. *Broadcasters hold a special place in the communities of our country - they use the public airwaves and are the primary source of local news. Yet we keep hearing from some that broadcasters should not be subject to industry-specific legal and regulatory obligations. Don't we have an obligation to make sure broadcasters keep to their side of the bargain?*

Broadcasters cherish their special place in the communities across our country and simply want to have rules that enable them to serve better those communities. To that end, broadcasters should be subject to obligations that (a) are based in today's reality and not one that existed last century, and (b) actually benefit the public by giving broadcasters the ability and incentive to invest in news and programming that serves those communities. The video industry has changed dramatically this decade — in fact, it has changed substantially in just the past twelve months, such that there has never been a better time to be a consumer of video programming. The level of competition for viewers is at an all-time high with new competitors such as Apple and Sony looking to take on “established” online video providers such as Netflix and Hulu, which of course for several years have been challenging traditional cable and broadcast channels. Against this backdrop, the FCC's broadcast ownership rules – which are premised on the idea that broadcasters compete only against other broadcasters for viewers and advertisers - make no sense because they fail to take this reality into account. In addition, and perhaps most troubling, the current rules fail to benefit the public since they act to discourage investment in the essential objectives of broadcast: localism and diversity.