

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
Expanding the Economic and Innovation)
Opportunities of Spectrum Through Incentive) Docket No. 12-268
Auctions)

To The Commission:

REPLY COMMENTS OF BRUNO GOODWORTH NETWORK INC.

I. BACKGROUND

I am Ron Bruno, President of the Bruno Goodworth Network Inc. which owns and operates a network of eleven (11) interconnected Class A Television stations in and around the Greater Pittsburgh ADI. I am uniquely qualified to make the comments below for the following reasons. My former Congressman, Ron Klink, was the lead sponsor for the legislation that created the Class A television service. I helped write the Class A legislative language and was instrumental in helping to guide its passage. I also participated in the subsequent rulemaking to adopt the provisions in that legislation. I served as President of the Community Broadcasters Association which represented Class A Stations and was a 14 year member of its board of directors.

II. WHICH SPECTRUM USAGE RIGHTS ELIGIBLE CLASS A LICENSEES CAN BID TO RELINQUISH.

We agree with the Commissions finding in paragraph 80 of the NPRM in Docket No. 12-268 that it would be unfair to Class A Television Licensees to use February 22, 2012 as the date for determining which spectrum usage rights an eligible Class A licensee will be bidding to relinquish in the reverse spectrum auction. In our own experience, we have built a substantial portion of our digital stations since February 22, 2012 (all eleven of our stations were licensed as analog stations and a majority of them received Class A status years ago). In fact, three of our Class A stations are still operating in analog mode, but will have finished converting to digital before commencement of the reverse auction process. All of our Class A stations now have digital construction permits, but over half of those digital construction permits were not received until 2012 or even 2013. As a result, we could not possibly have constructed its digital facilities by February 22, 2012.

It is very reasonable to use the date of the commencement of the reverse auction process as the date for Class A Stations licenses to be evaluated for their reverse auction bid. Use of this date is also in the Public Interest, because Class A Stations who want to participate in the reverse auction will be motivated to build out their facility before the commencement date of the reverse auction, and not wait until their construction permit deadline (now typically September 15, 2015). In addition, since the digital coverage of most Class A stations is better than their existing analog coverage, encouraging the build out of digital Class A construction permits is in the Public Interest, as it promotes more efficient and more intense use of television broadcast spectrum.

Using the commencement date of the reverse auction will also be in the Public Interest

because all Class A stations that want to participate in the reverse auction will be motivated to build digital facilities with larger coverage areas before the commencement of the reverse auction. Not all Class A stations will get to participate in the reverse auction, which will leave the public with more television station choices, because the surviving Class A coverage areas will have increased, serving a bigger population as a result.

It is a very real possibility that Class A stations, if forced to use their licensed facilities as of February 22, 2012 for the reverse auction usage rights bidding purposes, will choose not to participate in the auction. Bidding rights based on inferior digital facilities (that were subsequently upgraded) or on analog coverage areas would likely result in valuations insufficient to entice Class A licensees to sell their spectrum usage rights. As a result, using February 12, 2012 will have an extreme negative effect by greatly decreasing the number of Class A stations willing to participate in the reverse auction.

Lastly, to our knowledge, every comment filed in this proceeding that addressed the issue of when Class A facilities should be evaluated for the purpose of determining their spectrum rights in the reverse auction gave unqualified support for the Commission's proposal to use the commencement date of the reverse auction as the spectrum rights valuation date. No commenter suggested any other date should be adopted. Accordingly, the proceeding record before the Commission effectively dictates that the start date of the reverse auction be the spectrum rights evaluation date for Class A licensees. No other date has support in the record. To decide otherwise would appear to be arbitrary and unsupported by the record now before the Commission.

III. CLASS A LICENSEES DESERVE EQUITABLE AUCTION PRICES

Though not specifically proposed in the NPRM, there has been some discussion of the possibility that reverse auction prices should somehow be keyed to Nielsen Television Ratings or similar measurements of the relinquishing station's popularity. Any such basis for evaluating the acceptability of reverse auction bids lacks rationality. When the Commission conducts its forward auction perspective buyers will bid based on the value and usefulness of the reclaimed spectrum, not based on what the spectrum was used for and by who before it was reclaimed. The voluntary surrendering of 6 MHz of spectrum by a licensee is the contribution of 6 MHz of spectrum towards the Commission's goal of clearing 120 MHz of spectrum for re-auction to the wireless industry. Arbitrarily devaluing some 6 MHz channels merely defeats the Commission's objectives by decreasing the number of licensees that would find it in their financial interest to participate in the reverse auction. Since participation is intended to be voluntary, the Commission should be searching for ways to encourage participation rather than floating discouraging proposals that will drive away potential participants.

IV. SPECIAL SAME-MARKET STATION GROUP PROCEDURES

The Commission needs to provide a "Package" bidding procedure for those of us who have multiple stations in one markets. Stations groups like ours will not be not willing to sell only a portion of our of stations in each particular market, leaving us with a few "orphaned stations" that no longer provide market-wide signal coverage. Class A station networks would be more than willing to put all of the stations in each particular market up for sale as a package in the reverse auction, because this would avoid the problem of them being left with a few devalued facilities, on the fringes of their market, for which they have no workable business model. In our case, if we only were able to put our downtown stations in the reverse auction, this would

seriously damage the operation of the entire company. After the auction we would have trouble running the remaining stations, since those stations would only serve a greatly reduced portion of the Greater Pittsburgh television audience. We, therefore, propose allowing a reverse auction bid that includes as many stations as the Licensee wants to relinquish with a caveat of those stations being treated as a "package bid".

CONCLUSION

Bruno Goodworth Network, Inc. has constructed and operated Class A television stations and delivered its free over-the-air programming to the Greater Pittsburgh ADI for over twenty years; well before the inception of the Class A service itself. While Bruno Goodworth Network, Inc. is willing to consider relinquishing all eleven of its Class A licenses in the reverse spectrum auction it is willing to do so only if it is treated fairly and equitably, which includes getting a fair and reasonable return for its two decades of hard work. In order for the reverse auction bid the Commission accepts to be fair and reasonable Bruno Goodworth Network, Inc.'s licenses should be valued based on the facilities it has constructed and licensed on the date the incentive auction begins. Bruno Goodworth Network, Inc. should receive the same compensation for each 6 MHz block it contributes as any other licensee relinquishing spectrum. Furthermore, the Commission should make allowances for the unique needs of same market multiple station owners by allowing such same market groups to be offered as a package, for a package price. Only if these principles are observed in the valuation of reverse auction bids will Class A licensees like Bruno Goodworth Network, Inc. be able to recoup their investment and service to their community by participating in voluntary incentive auctions.

Respectfully submitted,

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