

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

In the Matter of:
KVMD Acquisition Corp.
v.
DIRECTV, Inc.
Request for Mandatory Carriage of
Television Station KVMD(TV),
Twenty-nine Palms, CA
CSR-5753-M

MEMORANDUM OPINION AND ORDER

Adopted: December 11, 2001

Released: December 13, 2001

By the Deputy Chief, Cable Services Bureau:

I. INTRODUCTION

1. KVMD Acquisition Corp., licensee of commercial television station KVMD(TV), Channel 31, Twenty-nine Palms, CA ("KVMD" or the "station") filed the above-captioned must carry complaint against DIRECTV, Inc. ("DIRECTV"), pursuant to Section 338 of the Communications Act of 1934, as amended (the "Act"), and Section 76.66 of the Commission's rules for its refusal to carry the signal of KVMD on its satellite system. KVMD states that DIRECTV is providing "local-into-local" satellite service in the Los Angeles, CA market, which is the designated market area ("DMA") where station KVMD operates, pursuant to the statutory copyright license. In its complaint, KVMD alleges that DIRECTV has failed to meet its must carry obligations under the Commission's satellite broadcast signal carriage rules. KVMD requests that the Commission order DIRECTV to carry the station's signal on DIRECTV's satellite system. DIRECTV filed an opposition to the complaint and KVMD filed a reply. For the reasons set forth below, we grant KVMD's complaint.

1 47 C.F.R. § 76.66. We note that on December 7, 2001, the U.S. Court of Appeals for the Fourth Circuit unanimously upheld the constitutionality of Section 338 of the Act, and Section 76.66 of the Commission's rules. See SBCA v. FCC, Nos. 01-1151, 01-1271, 01-1272 and 01-1818, 2001 WL 1557809 (4th Cir. Dec. 7, 2001).

2 Cable Special Relief and Show Cause Petitions, Report No. 0015 (Oct. 5, 2001).

3 See 17 U.S.C. § 122(a); 47 U.S.C. § 339. A satellite carrier provides "local-into-local" satellite service when it retransmits a local television signal back into the local market of that television station for reception by subscribers. 47 C.F.R. § 76.66(a)(6).

4 Under Section 76.66(m)(3) of the Commission's rules, a local television broadcast station that disputes a response by a satellite carrier that it is in compliance with its must carry obligations may obtain review of such denial or response by filing a "complaint" with the Commission in accordance with Section 76.7. 47 C.F.R. § 76.66(m)(3). Although styled a "complaint," a carriage complaint filed against a satellite carrier is treated by the Commission as a petition for special relief for purposes of the Commission's pleading requirements. See 1998 Biennial Regulatory Review: Part 76 - Cable Television Service Pleading and Complaint Rules, 14 FCC Rcd 418 (1999). Responsive pleadings filed in this context, therefore, must comply with the requirements set forth in Section 76.7(b)(1).

II. BACKGROUND

2. Section 338 of the Act, adopted as part of the Satellite Home Viewer Improvement Act of 1999 (“SHVIA”),⁵ requires satellite carriers, by January 1, 2002, to carry on request all local television broadcast stations’ signals in local markets in which the satellite carrier carries at least one local television broadcast signal pursuant to the statutory copyright license.⁶ For the initial election cycle, broadcast stations were required to notify satellite carriers by July 1, 2001, of their mandatory carriage election for carriage to commence by January 1, 2002.⁷ A station’s market for satellite carriage purposes is its DMA, as defined by Nielsen Media Research.⁸ In November 2000, the Commission adopted rules to implement the provisions contained in Section 338.⁹

3. Under the Commission’s broadcast signal carriage rules, each satellite carrier providing local-into-local service pursuant to the statutory copyright license is generally obligated to carry any qualified local television station in the particular DMA that made a timely election for mandatory carriage, unless the station’s programming is duplicative of the programming of another station carried by the carrier in the DMA.¹⁰ One television station’s programming is generally considered duplicative of another station’s if both stations simultaneously broadcast identical programming for more than 50% of the broadcast week.¹¹ If the stations’ programming is duplicative, the satellite carrier may choose which

⁵ See Pub. L. No. 106-113, 113 Stat. 1501, 1501A-526 to 1501A-545 (Nov. 29, 1999).

⁶ See 47 U.S.C. § 338.

⁷ See 47 C.F.R. § 76.66(c)(3); see also 76.66(c)(4) (“Except as provided for in paragraphs 76.66(d)(2) and (3), local commercial television broadcast stations shall make their retransmission consent-mandatory carriage election by October 1st of the year preceding the new cycle for all election cycles after the first election cycle.”).

⁸ A DMA is a geographic area that describes each television market exclusive of others, based on measured viewing patterns. See 17 U.S.C. § 122(j)(2)(A)-(C); see also *Implementation of the Satellite Home Viewer Improvement Act of 1999: Broadcast Signal Carriage Issues; Retransmission Consent Issues*, 16 FCC Rcd 1918, 1934 (2000) (“*DBS Must Carry Report & Order*”); 47 C.F.R. § 76.66(e) (“A local market in the case of both commercial and noncommercial television stations is the designated market area in which a station is located, and (i) in the case of a commercial television broadcast station, all commercial television broadcast stations licensed to a community within the same designated market area within the same local market; and (ii) in the case of a noncommercial educational television broadcast station, the market includes any station that is licensed to a community within the same designated market area as the noncommercial educational television broadcast station.”).

⁹ See generally *DBS Must Carry Report & Order*, 16 FCC Rcd 1918 *et seq.* The Commission later affirmed and clarified its carriage rules. See *Implementation of the Satellite Home Viewer Improvement Act of 1999: Broadcast Signal Carriage Issues*, 16 FCC Rcd 16544 (2001) (“*DBS Must Carry Reconsideration Order*”).

¹⁰ See 47 C.F.R. § 76.66. Commercial television stations are required to choose between retransmission consent and mandatory carriage by July 1, 2001; NCE stations, on the other hand, must simply request carriage. The first retransmission consent-mandatory carriage election cycle is for a four-year period commencing on January 1, 2002 and ending December 31, 2005. 47 C.F.R. § 76.66(c)(1). To facilitate the carriage process, satellite carriers are required to respond to a television station’s carriage request within 30 days, and state whether they accept or deny the carriage request. Those stations licensed to provide over-the-air service for the first time on or after July 1, 2001 are considered new television broadcast stations for satellite carriage purposes. See *DBS Must Carry Report and Order*, 16 FCC Rcd at 1933. A new television station is required to make its initial election between 60 days before commencing broadcast and 30 days after commencing broadcast. Assuming the station meets all of the requirements under Section 338 and the Commission’s rules, the satellite carrier shall commence carriage within 90 days of receiving a carriage request from the television broadcast station or whenever the new television station provides over-the-air service. See *id.*; 47 C.F.R. § 76.66(d)(3).

¹¹ See 47 C.F.R. § 76.66(h)(1) (“A satellite carrier shall not be required to carry upon request the signal of any local television broadcast station that substantially duplicates the signal of another local television broadcast station which is secondarily transmitted by the satellite carrier within the same local market, or the signals of more than one

(continued....)

duplicating signal it will carry.¹² Furthermore, under the SHVIA, a television station asserting its right to carriage is required to bear the costs associated with delivering a good quality signal to the designated local receive facility of the satellite carrier or to another facility that is acceptable to at least one-half the stations asserting the right to carriage in the local market.¹³ To be considered a good quality signal for satellite carriage purposes, a television station must deliver to the local receive facility of a satellite carrier either a signal level of -45dBm for UHF signals or -49dBm for VHF signals at the input terminals of the signal processing equipment.¹⁴

4. Whenever a local television broadcast station believes that a satellite carrier has failed to meet its obligations under Section 338 of the Act or our implementing regulations, such station shall first notify the carrier, in writing, of the alleged failure and identify its reasons for believing that the satellite carrier has failed to comply with its obligations.¹⁵ Within 30 days after such written notification, the satellite carrier must respond in writing and comply with its obligations or state its reasons for believing that it is already doing so.¹⁶ The Commission does not require satellite carriers to conduct tests or present specific measurements to broadcasters in response to requests for mandatory carriage. At the same time, however, the satellite carrier is required to have a reasonable, good-faith basis for denying carriage and an obligation to convey that information to the broadcast station affected. As the Commission stated: “It is not consistent with the SHVIA or our rules to attempt to place the burden on the broadcast station to prove why it is entitled to carriage in the absence of a legitimate reason for questioning its eligibility.”¹⁷ Specifically with respect to disputes over signal quality, a station should not be rejected for carriage unless, based on a knowledge of the facts and circumstances involved, there are engineering reasons for doubting that a good quality signal is likely to be available.¹⁸ Should a station fail to provide the required over-the-air signal quality to a satellite carrier’s receive facility, it still may obtain carriage rights if “the station responds with a promise to provide or pay to provide a good quality signal in the future.”¹⁹

5. If Commission action is needed, as KVMD alleges here, a broadcast station may file a complaint with the Commission within 60 days after the satellite carrier submits a final rejection of the station’s carriage request.²⁰ If a satellite carrier provides no response to a must carry election, the 60 day

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local commercial television broadcast station in a single local market that is affiliated with a particular television network unless such stations are licensed to communities in different States.”)

¹² See 47 U.S.C. § 338(b)(1). See also 47 C.F.R. § 76.66(h); *DBS Must Carry Report & Order*, 16 FCC Rcd at 1949-51.

¹³ 47 C.F.R. § 76.66(g)(1). See *DBS Must Carry Report & Order*, 16 FCC Rcd at 1938-45. See also *DBS Must Carry Reconsideration Order*, 16 FCC Rcd 16544, at ¶¶ 49-53 (affirming previous holding that selection of an alternative receive facility is based on the vote of the majority of the stations entitled to carriage in each affected market, not just the stations actually electing mandatory carriage).

¹⁴ 47 C.F.R. § 76.66(g)(2). See *DBS Must Carry Reconsideration Order*, 16 FCC Rcd 16544, at ¶¶28-31.

¹⁵ See 47 U.S.C. § 338(f)(1); see also 47 C.F.R. § 76.66(m)(1).

¹⁶ See 47 C.F.R. § 76.66(m)(2).

¹⁷ *DBS Must Carry Reconsideration Order*, 16 FCC Rcd 16544, at ¶ 61.

¹⁸ *Id.*, ¶ 57.

¹⁹ See *id.*, ¶ 58.

²⁰ See 47 C.F.R. § 76.66(m)(6); *DBS Must Carry Reconsideration Order*, 16 FCC Rcd 16544, at ¶ 60. A television station seeking a finding on the facts and a resulting determination of whether it is entitled to carriage pursuant to Section 76.66 of our rules may file a complaint with the Commission. If, however, a television station that is not being carried seeks damages or other form of monetary or injunctive relief under Section 338(a) of the Act or Section 501(f) of the Copyright Act, then the United States District Court is the exclusive forum for adjudicating the merits of its claim. *DBS Must Carry Report & Order*, 16 FCC Rcd at 1974.

period commences after the time for responding as required by the rule has elapsed.²¹ Below, we consider the complaint filed by Station KVMD.

III. POSITIONS AND DISCUSSION

6. In support of its Complaint, Station KVMD states that DIRECTV improperly denied KVMD's election request on the grounds that the station does not provide a good quality signal to DIRECTV's local receive facility.²² KVMD contends that it does in fact provide a good quality signal over-the-air.²³ KVMD alternatively offers that, in the event that DIRECTV should provide evidence supporting its position, KVMD will then provide a good quality signal by either microwave or a fiber optic feed.²⁴

7. In its Opposition, DIRECTV argues that its denial of KVMD's election request was legally sufficient and premised upon a reasonable good-faith basis that the station does not deliver a good quality signal to DIRECTV's local receive facility.²⁵ DIRECTV bases its denial upon the following facts: (1) KVMD's transmitter is located 128 miles from DIRECTV's local receive facility; (2) an intervening 12,000 foot mountain range blocks KVMD's signal; (3) an Individual Location Longley-Rice ("ILLR") computer model which predicts KVMD's signal strength to be -148.9 dBm, which is 103.9 dBm below the good quality signal standard for UHF stations, and (4) a site survey test performed on February 6, 2001, which was unable to detect a measurable signal for KVMD.²⁶ Having denied KVMD's election request, DIRECTV suggests that the burden now falls upon KVMD to either establish that it can deliver a good quality signal over-the-air via a new signal test, or make alternative arrangements for the delivery of its signal.²⁷ Under either circumstance, KVMD would be responsible for any associated costs.²⁸ Once KVMD delivers a good quality signal to DIRECTV's local receive site, DIRECTV agrees to carry KVMD within 75 days.²⁹

8. In reply, KVMD posits that DIRECTV should have provided some supporting evidence in its denial letter bolstering its statement that the station's over-the-air signal does not meet the good quality signal standard specified in the *DBS Must Carry Report & Order*.³⁰ KVMD points out that it had been unaware of the ILLR results until DIRECTV filed its Opposition in this proceeding.³¹ As a result,

²¹ See *DBS Must Carry Reconsideration Order*, 16 FCC Rcd 16544, at ¶ 60.

²² Complaint at 2.

²³ *Id.*

²⁴ *Id.*

²⁵ Opposition at 3.

²⁶ *Id.* at 3-4.

²⁷ *Id.* at 5-6.

²⁸ *Id.* at 6.

²⁹ *Id.* at 6-7.

³⁰ Reply at 2. We note that DIRECTV's denial letter simply stated that "the over-the-air signal of KVMD 31 at our local receive facility in the Los Angeles, CA local market does not meet the good quality signal standard specified in the Federal Communications Commission's Report and Order, FC 00-417 [sic]." Complaint at Exhibit B. KVMD also sent a letter to DIRECTV on August 30, 2001, asking the carrier to provide documentary support for its denial. Opposition at Attachment 1. DIRECTV responded on September 21, 2001, indicating that the basis for its denial was that "the actual measurement of the over-the-air signal of KVMD at the LRF does not meet the good quality signal standard as defined in the FCC's Rules." *Id.* at Attachment 2.

³¹ Reply at 3.

KVMD contends that DIRECTV's denial of the station's election request was improper and asks that the Commission require DIRECTV to carry KVMD as of January 1, 2002, provided that the station can provide a good quality signal in advance of that date.³²

9. The question presented in this proceeding is whether and under what conditions KVMD is entitled to have its signal carried within the Los Angeles, CA market over the facilities of DIRECTV. Based on the information provided, we believe that DIRECTV had a reasonable basis for believing that KVMD did not deliver a good quality signal to DIRECTV's local receive facility.³³ Having established a reasonable basis supporting its denial, the burden then shifted from DIRECTV to KVMD to "pay the costs of signal tests if necessary to prove that the signal is of good quality."³⁴ The Commission has noted that the station also "has the opportunity to improve its over-the-air signal or arrange alternative means of delivery."³⁵ While KVMD has not demonstrated that it currently delivers a good quality signal over-the-air, the station has committed to delivery of its signal via fiber. In light of this commitment, and in the absence of any other objection by DIRECTV, we conclude that KVMD is entitled to carriage. In the *DBS Must Carry Reconsideration Order* we found that, in the context of DBS carriers' commencement of mandatory carriage, 75 days is a reasonable time frame within which a satellite carrier could arrange for carriage of a station following delivery of a good quality signal from a broadcaster.³⁶ Accordingly, we find that KVMD is entitled to mandatory carriage on DIRECTV's satellite system within 75 days of delivering a good quality signal to DIRECTV's local receive facility.

³² *Id.* at 3-4.

³³ We note that DIRECTV did not set forth this basis in its denial letter and did not provide the requested documentation supporting its denial to KVMD. In the *DBS Must Carry Report & Order*, we indicated that if a satellite carrier denies a broadcaster's election request, it must state the reasons why. *DBS Must Carry Report & Order*, 16 FCC Rcd at 1932. We elaborated on this point in the *DBS Must Carry Reconsideration Order* by stating that:

We do not require in the satellite context, as we did in the cable context, that satellite carriers must conduct tests or present specific measurements to broadcasters in response to requests for mandatory carriage. However, the absence of this express requirement should not be taken to imply that the satellite carrier is not required *to have a reasonable basis for denial of carriage and to convey that information to the broadcast station affected.*

DBS Must Carry Reconsideration Order, 16 FCC Rcd 16544, at ¶ 57 (emphasis added). In light of our resolution herein, the failure of DIRECTV to set forth the basis and support for its rejection has not prejudiced KVMD. However, we wish to reemphasize the obligation of a satellite carrier to "to provide the station with adequate information and justification for its refusal" in the normal course. *Id.* at ¶ 61.

³⁴ *DBS Must Carry Reconsideration Order*, 16 FCC Rcd 16544, at ¶ 58.

³⁵ *Id.*

³⁶ *Id.* at Note 198.

IV. ORDERING CLAUSES

10. Accordingly, **IT IS ORDERED**, pursuant to Section 338 of the Communications Act, as amended, 47 U.S.C. § 338, and Section 76.66 of the Commission's rules, 47 C.F.R. § 76.66, that the must carry complaint filed by KVMD Acquisition Corp., licensee of commercial television station KVMD, Twentynine Palms, CA, against DIRECTV **IS GRANTED** to the extent indicated herein.

11. **IT IS FURTHER ORDERED** that DIRECTV shall commence carriage of Station KVMD's signal or within 75 days from the date on which KVMD provides a good quality signal to DIRECTV's local receive facility, but no earlier than January 1, 2002.

12. This action is taken by the Deputy Chief, Cable Services Bureau, pursuant to authority delegated by Section 0.321 of the Commission's rules, 47 C.F.R. § 0.321.

FEDERAL COMMUNICATIONS COMMISSION

William H. Johnson
Deputy Chief, Cable Services Bureau