Federal Communications Commission
Washington, D.C. 20554

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Re: Merger of Journal Communications, Inc. and
The E.W. Scripps Company
File No. BTCCDT-20140815AAG
File No. BTCH-20140815AAI et seq.

Dear Counsel:

This letter is in reference to the unopposed, above-captioned applications seeking Commission consent to the merger (Merger) of Journal Communications, Inc. (Journal), the parent of the licensees of 35 radio stations and 12 full-power television stations, and The E.W. Scripps Company (Scripps), the parent of the licensee of 16 full-power television stations. Upon consummation of the Merger, Journal will become a subsidiary of Scripps, resulting in the transfer of control of Journal's broadcast stations.[1] The applicants acknowledge that, in order to comply with the Commission's multiple ownership rules, they must divest stations in two markets where Journal owns non-compliant combinations and receive a "failing station" waiver of the local television ownership rule[2] in the Green Bay-Appleton Designated Market Area (DMA). For the reasons stated below, and conditioned upon completion of the required divestitures, we grant the waiver and the applications.

[1] A complete list of the stations is contained in Attachment A. Some of the stations have applications pending for renewal of their licenses. In multi-station transactions, it is Commission policy to process applications for transfer of control, despite the pending license renewals, so long as there are no unresolved basic qualification issues pending against the parties and the transferee explicitly assents to stand in the stead of the transferor in the renewal proceeding. Scripps has agreed to succeed to Journal's position in the pending license renewal applications and assume the consequences thereof. Finding no qualification issues, we will apply the policy set forth in *Shareholders of CBS Corporation*, 16 FCC Rcd 16072 (2001).

[2] 47 C.F.R. § 73.3555(b)(2).

Background. *Newspapers*. Journal and Scripps both publish daily newspapers, some of which are located in markets where they own radio or television stations. However, as part of the Merger, the companies will spin off their respective newspaper businesses, which will then combine to form a new, publicly-held company, Journal Media Group, Inc. (Journal Media Group), in which no person or group of persons will hold a controlling interest.[3] Journal Media Group (the newspaper company) and Scripps (the broadcast company) will be completely independent; no person with an attributable ownership or positional interest in one company will hold such an attributable interest in the other. The Merger thus eliminates all existing and potential newspaper-broadcast cross-ownership combinations.

Broadcast. After separation of the newspaper businesses, Journal will merge into and become a wholly-owned subsidiary of Scripps, which will continue to be a publicly-held company, owned 69 percent by the shareholders of Scripps and 31 percent by the shareholders of Journal. Scripps will retain its dual-class share structure: Class A Common Shares, which are publicly traded and are entitled to elect the greater of three or one-third of the directors, but are not entitled to vote on any other matters, except as required by Ohio law; and Common Voting Shares, which are not publicly traded and are entitled to elect all remaining directors and to vote on all matters requiring a vote of shareholders. The shareholders of Journal will receive Class A Common Shares as a result of the Merger. Approximately 93 percent of the Common Voting Shares will continue to be owned by the parties to the Scripps Family Agreement dated October 15, 1992, as amended, who vote as a block on all matters presented to the shareholders of Scripps.

With the exception of the Tulsa market, where Scripps owns a television station, and Journal owns five radio stations, the broadcast stations subject to the Merger are located in separate markets, producing no increase in media consolidation. The applicants submit information addressing compliance with:

1. The Commission's radio-television cross-ownership rule[4] in the Tulsa, Milwaukee, Tucson, Omaha, Boise, and Green Bay markets;
2. The Commission's local radio ownership rule[5] in the Milwaukee-Racine, Tucson, Tulsa, Knoxville, Omaha-Council Bluffs, NE-IA, Boise, Wichita, and Springfield, MO Nielsen Audience Metros; and
3. The Commission's local television ownership rule in the Tucson, Boise, and Green Bay-Appleton DMAs.[6]

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[3] At the time of the closing of the Merger, Journal Media Group will be owned 59 percent by the shareholders of Scripps and 41 percent by the shareholders of Journal.

[4] 47 C.F.R. § 73.3555(c).

[5] 47 C.F.R. § 73.3555(a).

[6] Journal is also a party to a joint sales agreement (JSA) with Spartan-TV, L.L.C. (Spartan) in the Lansing DMA, pursuant to which Journal sells more than 15 percent of the advertising time on Spartan station WHTV(TV), Jackson, MI. This agreement is thus subject to the two-year transition period allowing parties to newly-attributable JSAs to come into compliance with the local television ownership rule. *2014 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, Further Notice of Proposed Rulemaking and Report and Order, 29 FCC Rcd 4371, 4542 (2014) (*2014 Quadrennial Review FNPRM and Report and Order*).

Divestitures. The applicants acknowledge that the transfer of Journal's existing broadcast stations will require divestitures in two markets. First, Journal currently owns six radio stations in the Wichita Nielsen Audience Metro, including five FM stations.[7] This grandfathered combination does not comply with the service-specific sub-cap applicable to a market the size of Wichita, which limits common ownership to no more than four stations in the same service. Second, Journal currently owns two television stations – KIVI-TV, Nampa, ID; and KNIN-TV, Caldwell, ID – in the Boise DMA, a market in which there are fewer than eight independently owned and operated television stations. Journal initially acquired KNIN-TV in 2009, pursuant to a failing station waiver.[8] Under its stewardship, however, KNIN-TV has become a FOX network affiliate and now ranks among the top four stations in the market, no longer qualifying as a failing station.

Journal proposes to assign the stations it must divest to the Journal/Scripps Divestiture Trust (Trust), in the event they have not been sold by the time otherwise scheduled for closing the Merger.[9] The trustee is Kiel Media Group, LLC, whose sole member and manager is Douglas G. Kiel. Mr. Kiel has no personal, familial, or extra-Trust business relationship with Journal or Scripps or their affiliates; neither does he have an attributable interest in any broadcast station or daily newspaper. As trustee, Mr. Kiel will be required to complete any sales agreement pending at the time the station(s) are placed into the Trust.[10] If there is no such agreement in place, he will be required, in his reasonable discretion, to (a) enter into an agreement to divest the station(s) within six months, or within six months of the termination of any sales agreement pending at the time the station(s) are placed into the Trust; or (b) if the Commission is accepting applications from television stations to participate in the incentive auction during the applicable six-month period, to participate in the auction. If the trustee is unable to satisfy either of these provisions, he will be required to submit the license(s) to the Commission for cancellation. The trust agreement does not contain any minimum price requirement.

Failing Station Waiver. Journal currently owns two television stations – WGBA-TV, Green Bay, WI; and WACY-TV, Appleton, WI – in the Green Bay-Appleton DMA, a market in which there are fewer than eight independently owned and operated television stations. It initially acquired WACY-TV, a MyNetwork affiliate, in 2012, pursuant to a "failed station" waiver.[11] Scripps submits that grant of a failing station waiver to allow it to continue to own both stations following completion of the Merger would serve the public interest.

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[7] The stations are KLIO(AM), Wichita, KS; KFDI(FM) and KICT(FM), Wichita, KS; KFTI-FM, Newton, KS; KFXJ(FM), Augusta, KS; and KYQQ(FM), Arkansas City, KS. Journal acquired the stations prior to the Commission's change to a Metro-based geographical market definition for purposes of its local radio ownership rule.

[8] *Banks-Boise, Inc.*, Letter to Counsel, 23 FCC Rcd 16508 (MB, Video Division 2008).

[9] File No. BALCDT-20140829ABX *et seq*. At the time Journal filed the Trust application, it had not identified which stations it would divest. The application thus seeks consent to the assignment of all of Journal's stations in the Wichita and Boise markets, listed on Attachment B, to the Trust.

[10] On October 15, 2014, Journal Broadcast Corporation filed an application for consent to the assignment of KFTI-FM, Newton, KS, to Envision Broadcast Network, LLC. File No. BALH-20141015ACR.

[11] *Ace TV, Inc.*, Letter to Counsel, 27 FCC Rcd 10864 (MB, Video Division 2012).

Section 73.3555(b)(2) of the Commission's rules permits common ownership of two full-power television stations licensed in the same DMA, the Grade B contours of which overlap,[12] provided that, at the time the application to acquire the station(s) is filed: (1) at least one of the two stations is not ranked among the top four stations in the DMA, based on the most recent all-day audience share; and (2) at least eight independently owned and operating, full-power commercial and noncommercial television stations would remain in the DMA after the merger. While WACY-TV is not ranked among the top four stations in the market, there are fewer than eight independent licensees in the Green Bay-Appleton DMA. The applicants therefore request a waiver of the rule, pursuant to the "failing station" standard.[13]

The Commission has defined a "failing station" as one that has been struggling "for an extended period of time both in terms of its audience share and financial performance."[14] The criteria for a "failing station" waiver of the television duopoly rule are:[15]

1. One of the merging stations has an all-day audience share of no more than four per cent;
2. The station has had a negative cash flow for the previous three years;
3. The merger would produce tangible and verifiable public interest benefits; and
4. The in-market buyer is the only reasonably available candidate willing and able to acquire and operate the station, and selling the station to an out-of-market buyer would result in an artificially depressed price.

A waiver will be presumed to be in the public interest if the applicant satisfies each criterion.

The applicants provide Nielsen ratings demonstrating that WACY-TV has consistently failed to achieve a meaningful audience share, garnering only one percent in the last two ratings books. They also submit financial data showing that, although the station's financial performance has improved under Journal's stewardship, it would have experienced negative cash flow if operated on a stand-alone basis.[16]

With respect to the public interest benefits attendant to common ownership of WGRB-TV and WACY-TV, the applicants state that the latter has been able to broadcast significant amounts of locally-

[12] Although the rule refers to Grade B contours, we note that, following the digital transition, the Commission has developed the digital noise-limited contour (NLSC) to approximate the same probability of service as the analog Grade B contour, has stated that the two are roughly equivalent, and has proposed to replace the Grade B contour with the NLSC contour for purposes of the rule. *See* 47 C.F.R. § 73.622(e); *2014 Quadrennial Review FNPRM and Report and Order* at 4383-84; *see also Riverside Media*, Letter, 26 FCC Rcd 16038, 16060, n.2 (2011) (determining that the Commission will treat the NLSC contour as the "functional equivalent" of the Grade B contour for purposes of the local television ownership rule) (citations omitted).

[13] 47 C.F.R. § 73.3555, Note 7. *See also Review of the Commission's Regulations Governing Television Broadcasting*, Report and Order, 14 FCC Rcd 12903 (1999) (*Local Ownership Order*).

[14] *Local Ownership Order*, 14 FCC Rcd at 12939.

[15] 47 C.F.R. § 73.3555, Note 7; *Local Ownership Order*, 14 FCC Rcd at 12939.

[16] Consistent with Commission practice, Journal provided adjusted and unadjusted financial statements for its operation of the stations in the Green Bay-Appleton DMA, which enabled Commission staff to analyze WACY-TV as if it were operated on a stand-alone basis. *See J. Stewart Bryan III and Media General Communications Holdings, LLC*, 28 FCC Rcd 15509 (MB 2013).

produced, locally-focused programming (projected to approach 340 hours in 2014, for an average of nearly 6.5 hours per week) that otherwise would not have been available. In particular, WACY-TV produces and broadcasts the N.E.W. Sports Showdown program that focuses on local high school and college sports. The applicants further state that WACY-TV actively supports community charitable organizations and events, airing 28 promotional announcements per week.

Finally, Journal submits an analysis of the marketability of WACY-TV by Kalil & Co. (Kalil), a leading media brokerage firm, which details the challenging nature of selling a stand-alone MyNetwork affiliate. In particular, Kalil states that MyNetwork programming is not successful enough to support a thriving station under most circumstances and that the cost of acquiring additional non-network programming could be prohibitive; that the size and scope of the Green Bay-Appleton DMA, which is spread out over 17 counties, creates additional expense, such as owning and maintaining translators to fill in over-the-air coverage and deliver a quality signal to cable head-ends; and that the Green Bay-Appleton DMA has experienced a significant decline in gross market revenues. Kalil concludes that "an in-market buyer would be the only reasonably available candidate willing and able to acquire and operate the station."

Discussion. Section 310(d) of the Communications Act of 1934, as amended (Act), provides that no station license shall be transferred or assigned until the Commission, upon application, determines that the public interest, convenience, and necessity will be served thereby.[17] We have reviewed the information submitted by the applicants and find that, conditioned upon completion of the required divestitures, the Merger complies with the Act and the Commission's multiple ownership rules. As noted above, it eliminates all existing and potential newspaper-broadcast cross-ownership combinations, while creating a new, rule-compliant radio-television combination in only one market. The use of a divestiture trust to facilitate the Merger, as well as the terms of the particular trust agreement before us, is also consistent with Commission precedent.[18]

Furthermore, we find that the applicants have submitted detailed information sufficient to show that WACY-TV is a "failing station." Consistent with the *Local Ownership Order*, we believe that the continued operation of WACY-TV in tandem with a stronger, in-market station will pose minimal harm to our interest in diversity and competition, because, absent the waiver, its financial situation hampers its ability to provide a viable voice. This outcome also serves the public interest, yielding tangible benefits to the community through the sustained provision of programming of local interest that is otherwise unlikely to air.

In light of the above discussion, we find that the applicants are fully qualified and conclude that the grant of the proposed Merger would serve the public interest.

ACCORDINGLY, IT IS ORDERED That the request for a "failing station" waiver of Section 73.3555(b)(2) of the Commission's rules to permit the common ownership of WGBA-TV, Green Bay, Wisconsin, and WACY-TV, Appleton, Wisconsin, IS GRANTED. IT IS FURTHER ORDERED That the applications for the transfer of control of Newschannel 5 Network, LLC, and Journal Broadcast Corporation, the licensees of the full-power broadcast stations listed on Attachment A, from Shareholders of Journal Communications, Inc., to The E.W. Scripps Company (File Nos. BTCCDT-20140815AAG

[17] 47 U.S.C. § 310(d).

[18] *See Applications for Consent to Transfer of Control from License Subsidiaries of Allbritton Communications Co. to Sinclair Television Group, Inc.*, 29 FCC Rcd 9156 (MB 2014).

and BTCH-20140815AAI *et seq.*) ARE GRANTED. IT IS FURTHER ORDERED That the application for assignment of the licenses of the full-power broadcast stations listed on Attachment B from Journal Broadcast Corporation to the Journal/Scripps Divestiture Trust (File No. BALCDT-20140829ABX *et seq.*) IS GRANTED.

Sincerely,

Barbara A. Kreisman
Chief, Video Division
Media Bureau

ATTACHMENT A

Facility ID No.	**Call Sign**	**City**	**State**
36504	WTVF	Nashville	TN
55707	KBEZ	Tulsa	OK
74105	KEZO-FM	Omaha	NE
68329	KFAQ	Tulsa	OK
72357	KFDI-FM	Wichita	KS
2433	KFFN	Tucson	AZ
35020	KFTI-FM	Newton	KS
37133	KFXJ	Augusta	KS
36918	KGUN-TV	Tucson	AZ
55704	KHTT	Muskogee	OK
63548	KICT-FM	Wichita	KS
59255	KIVI-TV	Nampa	ID
6329	KJOT	Boise	ID
74103	KKCD	Omaha	NE
72356	KLIO	Wichita	KS
35190	KMTV-TV	Omaha	NE
2434	KMXZ-FM	Tucson	AZ
59363	KNIN-TV	Caldwell	ID
50314	KQCH	Omaha	NE
20403	KQTH	Tucson	AZ
42650	KQXR	Payette	ID
17397	KRVB	Nampa	ID
55165	KRVI	Mount Vernon	MO
62024	KSGF	Springfield	MO
2924	KSGF-FM	Ash Grove	MO
10119	KSPW	Sparta	MO
50308	KSRZ	Omaha	NE
57504	KTGV	Oracle	AZ
68589	KTHI	Caldwell	ID
74100	KTNV-TV	Las Vegas	NV
62023	KTTS-FM	Springfield	MO
68330	KVOO-FM	Tulsa	OK
35095	KWBA-TV	Sierra Vista	AZ
68331	KXBL	Henryetta	OK
50313	KXSP	Omaha	NE
37121	KYQQ	Arkansas City	KS
361	WACY-TV	Appleton	WI
49923	WCYQ	Oak Ridge	TN
70649	WFTX-TV	Cape Coral	FL
2708	WGBA-TV	Green Bay	WI
40854	WKHT	Knoxville	TN
74095	WLWK-FM	Milwaukee	WI
29741	WNOX	Karns	TN
74094	WSYM-TV	Lansing	MI

74096	WTMJ	Milwaukee	WI
74098	WTMJ-TV	Milwaukee	WI
29727	WWST	Sevierville	TN

ATTACHMENT B

Facility ID No.	Call Sign	City	State
72357	KFDI-FM	Wichita	KS
35020	KFTI-FM	Newton	KS
37133	KFXJ	Augusta	KS
63548	KICT-FM	Wichita	KS
37121	KYQQ	Arkansas City	KS
59255	KIVI-TV	Nampa	ID
59363	KNIN-TV	Caldwell	ID