



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 22, 2014

The Honorable Mary Landrieu
United States Senate
328 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Landrieu:

Thank you for your letter expressing concerns regarding the Commission's March 31, 2014, action to attribute certain Joint Sales Agreements (JSAs) between television stations. I appreciate the opportunity to provide you with some additional context for the decision.

Our action should not have been a surprise to the industry. Stations have been on notice of potential regulatory action on JSAs since 2004 when the Commission first started a proceeding proposing to attribute JSAs where one station sells 15 percent or more of the weekly advertising time on behalf of another station in the same market. The concern then – as it is today – was that the use of such JSAs provides the incentive and potential to unduly influence the core operating functions of the brokered station, including programming decisions. In finalizing our decision, we sought additional comment in the 2010 Quadrennial Review on these issues and also considered the evidence from our license transfer application process, where we have reviewed an increasing number of JSAs in recent years. These JSAs have generally involved the sale of 100 percent of the advertising time of the brokered station in conjunction with a number of other operational and financial arrangements between the stations. It is also clear that in many instances such arrangements reduce or homogenize local news.

The existing agreements between stations cited in your letter are the result of a business practice that evolved to circumvent the Commission's local TV ownership rules that promote competition and viewpoint diversity by restricting the common-ownership of more than one station in small and medium-sized markets. Our action was necessary to close this loophole in the rules and enforce the restrictions we have on the books. The adoption of the new JSA attribution rules will require adjustment for some stations in the industry, which is why we allowed a two-year period for stations to come into compliance from the effective date of the rules.

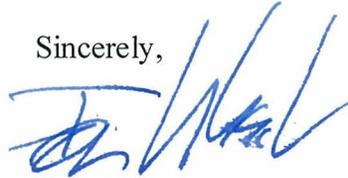
I do recognize that there could be some exceptions where attributing a JSA for purposes of our ownership rules could be in the public interest, which is why we adopted an expedited waiver process. I believe that adopting the rule with a waiver process will better protect competition, localism, and diversity than merely grandfathering existing agreements. I agree with you that the Commission should – and will – look to all of the facts presented in a waiver request, including the impact of the JSA on the ability of the brokered station to continue to serve

their communities. I encourage any station that believes its existing JSA is in the public interest to file a waiver request early in this period.

For stations that have pending license transfer applications that involve JSAs, Shared Services Agreements (SSAs), and other financial agreements, the Media Bureau is actively working with the parties to discuss possible amendments to those applications, where necessary. I strongly support the close scrutiny that the Bureau must apply to ensure that these proposed agreements do not result in undue influence or control. Since mid-March, the Bureau has granted 50 full-power television assignment and transfer of control applications, which represent 20 separate transactions. The Bureau staff will continue to process other pending applications.

I hope this information is helpful.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Tom Wheeler', is written over the word 'Sincerely,'.

Tom Wheeler