

## Joanne Wall

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**From:** Lori Alexiou  
**Sent:** Wednesday, May 31, 2017 2:45 PM  
**To:** Coffey, Danielle  
**Subject:** RE: Meeting with News Media Alliance CEO

I have this on the calendar Danielle. Thanks so much on your patience in scheduling!!!

Lori

Lori Alexiou  
Confidential Assistant  
Office of Chairman Ajit Pai  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554  
202-418-2001

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**From:** Coffey, Danielle [mailto:[danielle@newsmediaalliance.org](mailto:danielle@newsmediaalliance.org)]  
**Sent:** Wednesday, May 31, 2017 2:09 PM  
**To:** Lori Alexiou  
**Subject:** Re: Meeting with News Media Alliance CEO

That works perfect. Thank you!!

On May 31, 2017, at 9:43 AM, Lori Alexiou <[Lori.Alexiou@fcc.gov](mailto:Lori.Alexiou@fcc.gov)> wrote:

Danielle – does 11 am on July 24<sup>th</sup> work for you?

Lori Alexiou  
Confidential Assistant  
Office of Chairman Ajit Pai  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554  
202-418-2001

---

**From:** Coffey, Danielle [mailto:[danielle@newsmediaalliance.org](mailto:danielle@newsmediaalliance.org)]  
**Sent:** Tuesday, May 30, 2017 5:25 PM  
**To:** Lori Alexiou <[Lori.Alexiou@fcc.gov](mailto:Lori.Alexiou@fcc.gov)>  
**Subject:** Re: Meeting with News Media Alliance CEO

He's open the 24th or 25th. Do either of those days work?

On May 30, 2017, at 2:51 PM, Lori Alexiou <[Lori.Alexiou@fcc.gov](mailto:Lori.Alexiou@fcc.gov)> wrote:

Danielle – would you be able to send your availability for the week of July 24<sup>th</sup>? The week of July 10<sup>th</sup> is not good on our end.

Thank you.  
Lori

Lori Alexiou  
Confidential Assistant  
Office of Chairman Ajit Pai  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554  
202-418-2001

---

**From:** Coffey, Danielle [<mailto:danielle@newsmediaalliance.org>]  
**Sent:** Tuesday, May 30, 2017 2:28 PM  
**To:** Lori Alexiou <[Lori.Alexiou@fcc.gov](mailto:Lori.Alexiou@fcc.gov)>  
**Subject:** Re: Meeting with News Media Alliance CEO

Hi Lori, no worries at all. Unfortunately, David is in (b) (6) during that time. Since it sounds like the Chairman can't do anytime earlier, I'll start with dates after the July 4<sup>th</sup> holiday. Please let me know if any of these work... he is available on July 10 (10-4PM), July 11 (10-5PM), July 12, July 13 (11-4PM) and July 14. If those don't work, I'll offer more. Thanks!!

Danielle

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**From:** Lori Alexiou <[Lori.Alexiou@fcc.gov](mailto:Lori.Alexiou@fcc.gov)>  
**Date:** Tuesday, May 30, 2017 at 11:43 AM  
**To:** "Coffey, Danielle" <[danielle@newsmediaalliance.org](mailto:danielle@newsmediaalliance.org)>  
**Subject:** RE: Meeting with News Media Alliance CEO

Hi Danielle,

I am so sorry I'm just getting back to you on this request. Chairman Pai was on travel all last week and before that preparing for the open meeting. Would you be able to meet on June 29<sup>th</sup> at 3:30? Please let me know if that works for you.

Thank you.  
Lori

Lori Alexiou  
Confidential Assistant  
Office of Chairman Ajit Pai  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554  
202-418-2001

---

**From:** Coffey, Danielle [<mailto:danielle@newsmediaalliance.org>]  
**Sent:** Monday, May 15, 2017 2:39 PM  
**To:** Lori Alexiou <[Lori.Alexiou@fcc.gov](mailto:Lori.Alexiou@fcc.gov)>  
**Cc:** Matthew Berry <[Matthew.Berry@fcc.gov](mailto:Matthew.Berry@fcc.gov)>; Alison Nemeth

<[Alison.Nemeth@fcc.gov](mailto:Alison.Nemeth@fcc.gov)>

**Subject:** Meeting with News Media Alliance CEO

Hi Lori, I hope this finds you well. I know this is a crazy week and you're all super busy, but I also know things won't exactly let up anytime soon.... I wanted to reach out because our President & CEO David Chavern would like to request a meeting with the Chairman on a date at his convenience to discuss the issue of media ownership. Please let me know if there are times within the next few weeks that might work. Or, if you'd prefer, I am happy to provide times during a period that you recommend.

Thanks so much!

Danielle

**Danielle Coffey**

Vice President, Public Policy

**News Media Alliance**

4401 N. Fairfax Drive, Suite 300, Arlington, VA 22203

202-641-7434 | [danielle@newsmediaalliance.org](mailto:danielle@newsmediaalliance.org)

[www.newsmediaalliance.org](http://www.newsmediaalliance.org)

**Follow Us!**

## Joanne Wall

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**From:** Matthew Berry  
**Sent:** Tuesday, May 30, 2017 5:56 PM  
**To:** Lori Alexiou  
**Subject:** FW: Meeting with News Media Alliance CEO

(b) (5)

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**From:** Ajit Pai  
**Sent:** Tuesday, May 30, 2017 11:23 AM  
**To:** Lori Alexiou ; Matthew Berry ; Alison Nemeth  
**Subject:** RE: Meeting with News Media Alliance CEO

(b) (5)

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**From:** Lori Alexiou  
**Sent:** Tuesday, May 30, 2017 10:25 AM  
**To:** Ajit Pai <[Ajit.Pai@fcc.gov](mailto:Ajit.Pai@fcc.gov)>; Matthew Berry <[Matthew.Berry@fcc.gov](mailto:Matthew.Berry@fcc.gov)>; Alison Nemeth <[Alison.Nemeth@fcc.gov](mailto:Alison.Nemeth@fcc.gov)>  
**Subject:** FW: Meeting with News Media Alliance CEO

(b) (5)

Lori Alexiou  
Confidential Assistant  
Office of Chairman Ajit Pai  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554  
202-418-2001

---

**From:** Coffey, Danielle [<mailto:danielle@newsmediaalliance.org>]  
**Sent:** Monday, May 15, 2017 2:39 PM  
**To:** Lori Alexiou <[Lori.Alexiou@fcc.gov](mailto:Lori.Alexiou@fcc.gov)>  
**Cc:** Matthew Berry <[Matthew.Berry@fcc.gov](mailto:Matthew.Berry@fcc.gov)>; Alison Nemeth <[Alison.Nemeth@fcc.gov](mailto:Alison.Nemeth@fcc.gov)>  
**Subject:** Meeting with News Media Alliance CEO

Hi Lori, I hope this finds you well. I know this is a crazy week and you're all super busy, but I also know things won't exactly let up anytime soon.... I wanted to reach out because our President & CEO David Chavern would like to request a meeting with the Chairman on a date at his convenience to discuss the issue of media ownership. Please let me know if there are times within the next few weeks that might work. Or, if you'd prefer, I am happy to provide times during a period that you recommend.

Thanks so much!

Danielle





**Danielle Coffey**




Vice President, Public Policy

**News Media Alliance**

4401 N. Fairfax Drive, Suite 300, Arlington, VA 22203

202-641-7434 | [danielle@newsmediaalliance.org](mailto:danielle@newsmediaalliance.org)

[www.newsmediaalliance.org](http://www.newsmediaalliance.org)

Follow Us!   

## Joanne Wall

---

**From:** Lori Alexiou  
**Sent:** Wednesday, April 12, 2017 2:45 PM  
**To:** Ajit Pai (Ajit.Pai@fcc.gov); Alison Nemeth  
**Subject:** FW: Meredith Meeting tomorrow @ 11:00 a.m.  
**Attachments:** Meredith - FCC Meetings (April 2017).pptx

FYI for tomorrow's meeting. They will bring copies as well.

Lori Alexiou  
Confidential Assistant  
Office of Chairman Ajit Pai  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554  
202-418-2001

---

**From:** Foxwell, Tammi A [mailto:tfoxwell@cooley.com] **On Behalf Of** Basile, Michael  
**Sent:** Wednesday, April 12, 2017 2:04 PM  
**To:** Alison Nemeth ; Lori Alexiou ; Deanne Erwin  
**Subject:** Meredith Meeting tomorrow @ 11:00 a.m.

Good afternoon! Cooley partners Robert McDowell and Michael Basile, together with certain executives from our client Meredith Corporation, are scheduled to meet with Chairman Pai and Alison Nemeth tomorrow at 11:00 a.m. The topics they plan to cover are summarized in the attached slide deck, which we are providing in advance as a courtesy. They will bring copies to the meeting, so there is no need for a video display. If you have any questions, please let me know. Thank you!

Tammi

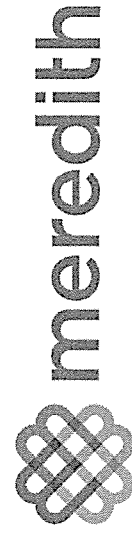
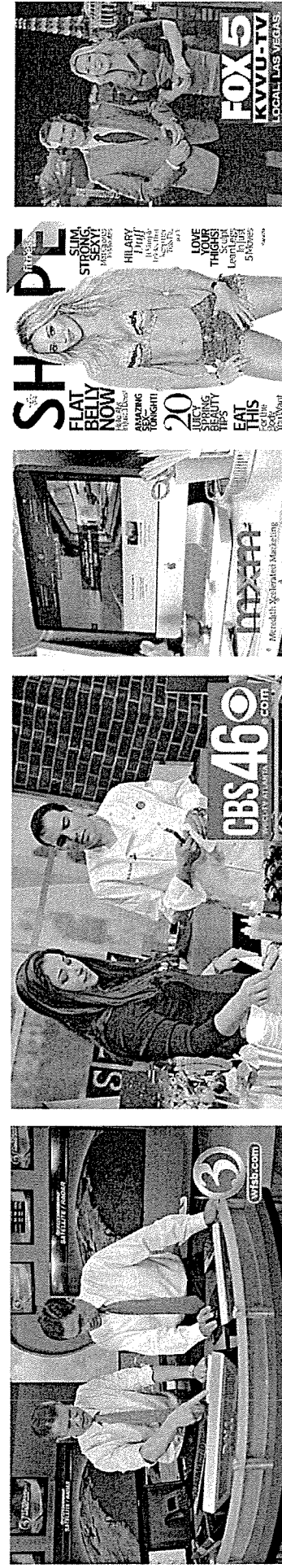
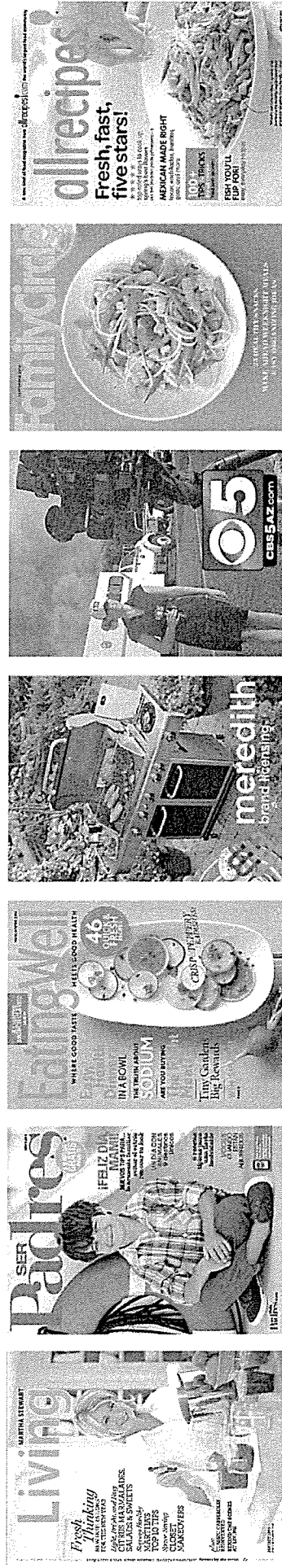
Tammi Foxwell  
Legal Secretary to Michael Basile & Robert McDowell  
Cooley LLP  
1299 Pennsylvania Avenue, NW • Suite 700  
(enter from 12th and E Streets)  
Washington, DC 20004-2400  
Direct: +1 202 776 2699 • Fax: +1 202 842 7899  
Email: [tfoxwell@cooley.com](mailto:tfoxwell@cooley.com) • [www.cooley.com](http://www.cooley.com)

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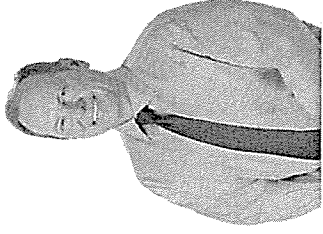
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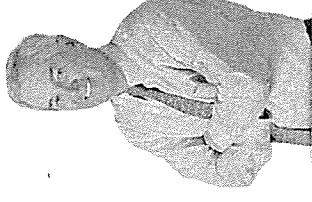
A Powerful Diversified Media & Marketing Company

# Meredith Attendees

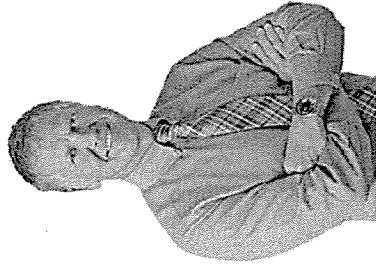
Joe Ceryanec  
Chief Financial Officer



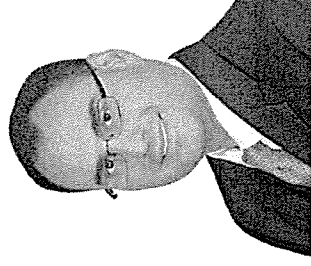
Paul Karpowicz  
Local Media Group President



John Zieser  
Chief Development Officer & General Counsel



Joshua Pila  
Local Media Group General Counsel



# Agenda

- Meredith Overview
- Broadcast Ownership Rules
  - UHF Discount and National Cap
  - Local TV Cap
- NextGen Television
- Regulatory Underbrush

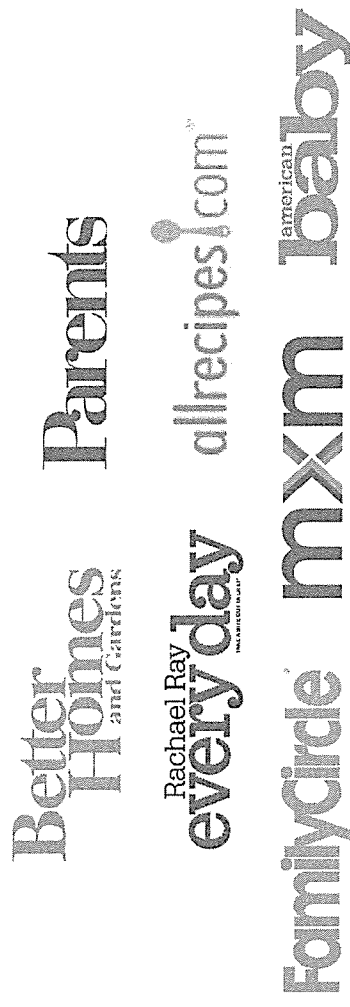


# Meredith at a Glance

## National Media

Revenue: \$1.1B

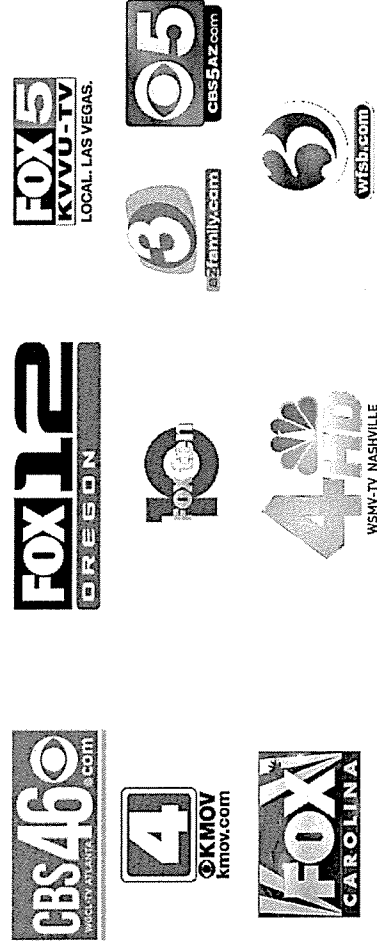
EBITDA: \$200M



## Local Media

Revenue: \$550M

EBITDA: \$200M



Fiscal 2016

+ national media brands

+ local media brands

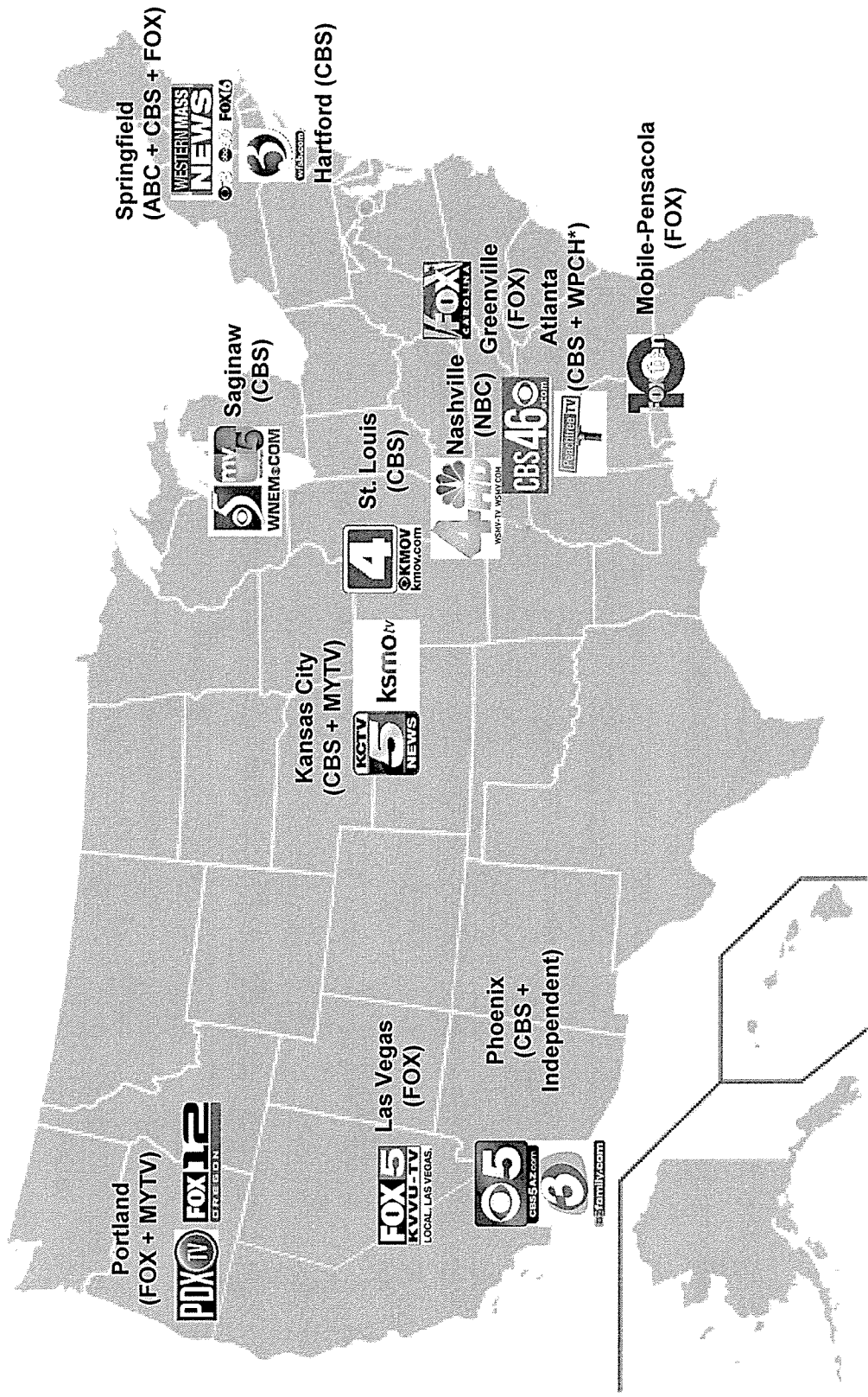
+ marketing solutions



# 115 Years of Success...

- National Media Group
  - Largest Reach to Women – 110 Million Unduplicated Women
  - Meredith Reaches 72% / 26m of millennial women (1 in 3 print, 1 in 2 digital)
  - #1 Market Position in Food, Parenting, Home, and Health & Wellness
  - Meredith also features robust brand licensing activities, including more than 4,000 SKUs of branded products at 5,000 Walmart stores across the U.S. and at walmart.com.
- Local Media Group
  - Includes 17 owned or operated television stations reaching 11 percent of U.S. households.
  - Concentrated in large, fast-growing markets, with seven stations in the nation's Top 25 - including Atlanta, Phoenix, St. Louis and Portland - and 13 in Top 50 markets.
  - Meredith's stations produce more than 700 hours of local news and entertainment content each week, and operate leading local digital destinations.

# Meredith's Local Media Group



\* SSA/JSA. Purchase pending.

+ national media brands

+ local media brands

+ marketing solutions





## Joanne Wall

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**From:** Lori Alexiou  
**Sent:** Monday, April 10, 2017 4:47 PM  
**To:** Ajit Pai (Ajit.Pai@fcc.gov); Matthew Berry (Matthew.Berry@fcc.gov); Nicholas Degani (Nicholas.Degani@fcc.gov)  
**Subject:** FW: Calls from Sinclair

(b) (5)

Lori Alexiou  
Confidential Assistant  
Office of Chairman Ajit Pai  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554  
202-418-2001

**From:** Rebecca Hanson [mailto:rjhanson@sbgvtv.com]  
**Sent:** Monday, April 10, 2017 4:44 PM  
**To:** Lori Alexiou  
**Subject:** Calls from Sinclair

Hello Lori.

I just learned that David Smith's assistant, Vicky Evans, has been reaching out to you. I now know what this is about and have told Vicky that I will work with you to schedule it.

I realize you are busy in preparing for the next open meeting, and then the NAB Show after that, so I would be happy to follow up in early May, if that would be more convenient for you.

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

## Joanne Wall

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**From:** Lori Alexiou  
**Sent:** Tuesday, April 25, 2017 3:22 PM  
**To:** Ajit Pai; Matthew Berry  
**Subject:** Fw: ok to decline? You will be in LA during this time  
**Attachments:** Barclays\_US\_Media\_Cable\_and\_Satellite\_The\_Future\_of\_Media\_The\_Age\_of\_Aggregators.pdf; Barclays\_US\_Cable\_and\_Media\_Future\_of\_Sports\_Aggregator\_of\_Platforms.pdf

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

---

**From:** kannan.venkateshwar@barclayscapital.com  
**Sent:** Tuesday, April 25, 2017 3:13 PM  
**To:** Lori Alexiou  
**Subject:**

Hi Lori – Hope you are well. Just by way of a brief introduction, I lead the Media, Cable and Satellite equity research practice at Barclays, a global investment bank, based out of New York. I wanted to seek your help for an appointment with Chairman Pai, if possible, on May 25th if possible. As a part of our research effort, I try and meet regulatory bodies like the DOJ, FCC and the FTC to make sure we are thinking about the industries under my coverage with the right context. Therefore, the agenda for the meeting is just a general discussion about the regulatory constructs for media, cable and internet. I am scheduled for a set of meetings at the FTC on May 25<sup>th</sup> and was hoping to have some time with Chairman Pai as a part of that visit if possible. I am attaching a couple of reports to provide some perspective on our work.

Look forward to hearing from you,  
Warm Regards

Kannan

**Kannan Venkateshwar** | Director  
U.S. Cable, Satellite & Media Equity Research  
745 7th Ave | 18th Floor | New York, NY 10019  
T: 212 528 7054 | [kannan.venkateshwar@barclays.com](mailto:kannan.venkateshwar@barclays.com)

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## Joanne Wall

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**Subject:** Stop by: CBS Affiliates Board Meeting  
**Location:** Chopin 3 Conference Room, Encore  
  
**Start:** Mon 4/24/2017 7:00 PM  
**End:** Mon 4/24/2017 7:30 PM  
**Show Time As:** Tentative  
  
**Recurrence:** (none)  
  
**Meeting Status:** Not yet responded  
  
**Organizer:** Ajit Pai  
**Required Attendees:** Alison Nemeth

John Feore: [jfeore@cooley.com](mailto:jfeore@cooley.com)

### **Board of Directors CBS Television Network Affiliates Association**

Chris Cornelius  
Vice President-Business Development  
Morgan Murphy Media LLC

Barry Faber  
Executive VP/General Counsel  
Sinclair Broadcast Group

Paul McTear  
Raycom Media

Michael Fiorile  
Chairman and CEO  
Dispatch Broadcast Group

Kevin Latek  
Executive Vice President,  
Chief Legal and Development Officer  
Gray Television

Debbie Turner  
Vice President, TV Operations  
E. W. Scripps Company

Peter Diaz  
Executive Vice President  
TEGNA Media

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Ed Munson  
Vice President & General Manager  
KPHO-TV  
Meredith

Larry Wert  
President, Broadcast Division  
Tribune Media

Perry Sook  
Chairman, President & CEO  
Nexstar Media Group

Frank Biancuzzo  
Executive Vice President  
Hearst Television

John Feore  
Counsel  
Cooley, LLP

Maureen R. Nagle  
Counsel  
Cooley, LLP

## Joanne Wall

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**From:** Susanna Coto <coto@mediainstitute.org>  
**Sent:** Thursday, May 25, 2017 10:42 AM  
**Subject:** Media Institute Luncheon - June 20 - St. Regis Hotel - Christopher Ripley of Sinclair as guest speaker

You are cordially invited to attend, as our guest, The Media Institute's next Communications Forum luncheon, which will take place on Tuesday, June 20. Our guest speaker will be Christopher S. Ripley, president and CEO of Sinclair Broadcast Group.

Mr. Ripley is the architect of Sinclair's \$3.9-billion acquisition of Tribune Media, which will add 42 broadcast TV stations to Sinclair's current 173 stations, giving the company unprecedented access to 72 percent of the country. Find out how this mega-deal came about, the regulatory hurdles still ahead for government approval – and what it will mean for the future of broadcasting.

The details are as follows:

**DATE:** Tuesday June 20

**PLACE:** **St. Regis Hotel**

923 16<sup>th</sup> & K Streets, N.W.

**ROOM:** Andrew Jackson

**TIME:** 12:00 – 12:30 p.m. *Registration & Reception*

12:30 – 2:00 p.m. *Luncheon*

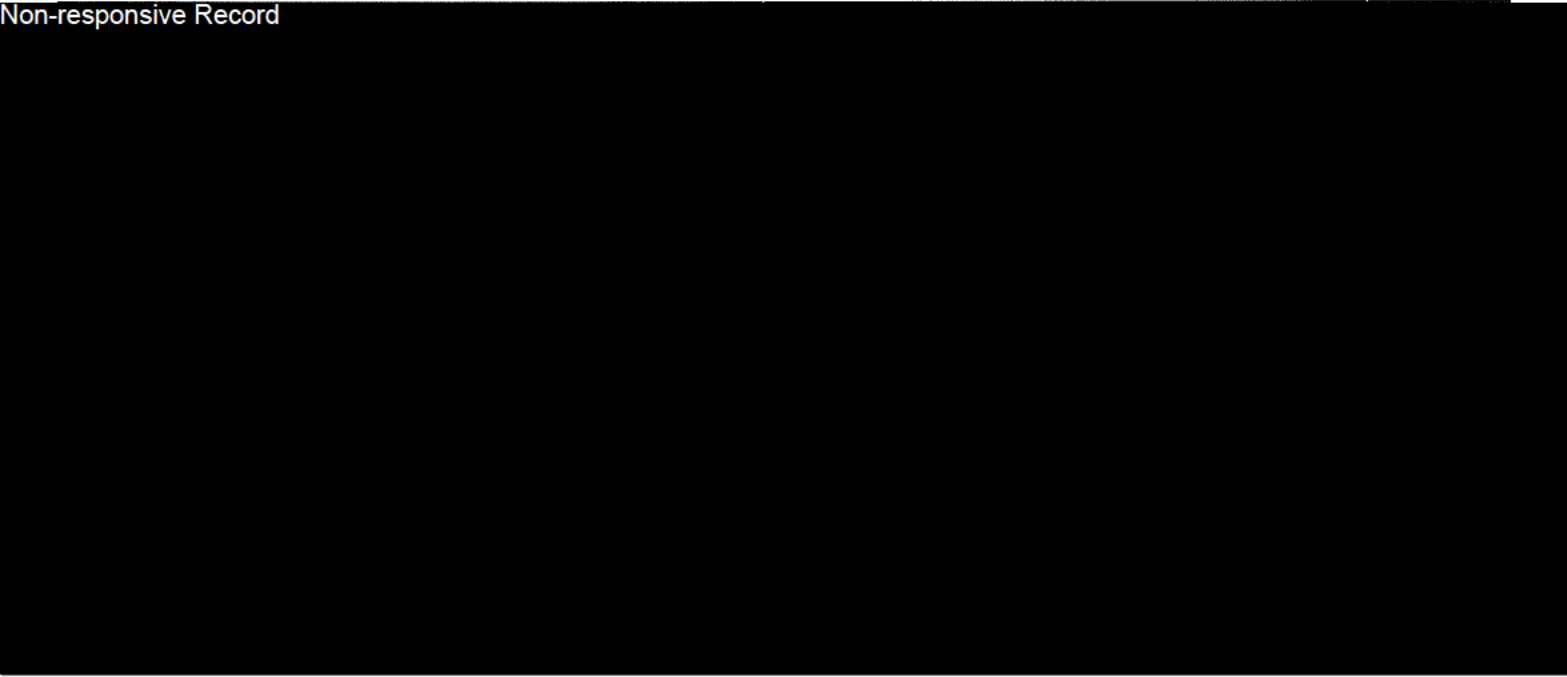
Please RSVP by June 16. Space is limited and attendance is by invitation only.

Sincerely,

Susanna Coto  
Director of Public Events  
The Media Institute  
2300 Clarendon Blvd., Ste. 602  
Arlington, VA 22201  
T. 703-243-5700 F. 703-243-8808  
[www.mediainstitute.org](http://www.mediainstitute.org)

**Joanne Wall**

Non-responsive Record



**From:** Keith Nelson [mailto:knelson@lobbyit.com]

**Sent:** Thursday, June 8, 2017 2:06 PM

**To:** Ajit Pai <Ajit.Pai@fcc.gov>

**Cc:** Lori Alexiou <Lori.Alexiou@fcc.gov>; Jim Kail <jjkail@lhtc.net>; Luke Kail <ltkail@lhtot.com>; Jay Schwarz <Jay.Schwarz@fcc.gov>

**Subject:** Small Company Coalition white paper, etc., and meeting request

Greetings Chairman Pai,

The members of the Small Company Coalition (SCC) wish to express our gratitude to you for taking the time to sit down with us on April 11, 2017, to discuss matters of importance to small rural telecoms. Your leadership in this area is appreciated immensely.

Subsequent to our meeting, on May 30, the SCC filed two *ex parte* letters on FCC Docket 10-90 to you and Commissioner O'Rielly, respectively (Confirmation Number 20170530740501099). These letters are attached to this e-mail.

In this correspondence, the SCC noted that it would soon complete an analysis of, among other things, the adequacy of USF expenditures and USAC audit procedures.

As you are surely aware, these filings garnered significant public attention, meriting reporting in both Law 360 and the Independent Telecom Report (both reports also attached). We are gratified that our issues appear to have some resonance in our industry.

We have now completed our analysis, and take this opportunity to forward it to you for your review and consideration (we intend to file it in docket 10-90, as well).

As you can see in the attached, the SCC's report reflects a serious effort to both analyze target FCC and USAC activities, and make the case for corrective action going forward. Ideally, our analysis is intended to establish a baseline for working cooperatively with regulators on ways to address the identified shortcomings.

Pursuant to conducting this analysis, we would greatly appreciate an opportunity to meet with you to present our findings, and address any questions or concerns you may have.

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Our consultants are able to join us in DC on Wednesday, June 28. We are hoping that you have some time available that day for a presentation/discussion of our report.

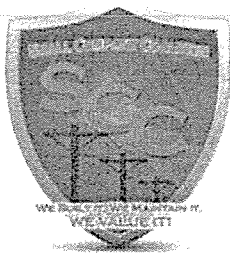
We are grateful, as always, for your time and consideration, and hope to meet with you on June 28.

Sincerely,

Jim Kail (via Keith Nelson)

Executive Committee – The Small Company Coalition

202-809-2190



## EX PARTE COMMUNICATION

May 30, 2017

The Honorable Ajit Pai  
Chairman  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Dear Chairman Pai,

We greatly appreciate the time you took to meet with the Small Company Coalition (SCC) on April 11 to discuss our views regarding a variety of matters important to small rural telecom providers. As you'll recall, in addition to the absolute necessity of raising the Universal Service Fund (USF) cap, we also discussed ways to streamline and improve the regulatory process.

As we related at that time, one of our primary concerns is management at the Universal Service Administrative Company (USAC). While we fully support the need to keep close watch on the utilization of USF funds, as entities who have been through USAC audits, our experiences left us convinced that this process was fundamentally flawed both in the targeting and execution of the audits. In addition, our review of USAC's financial statements and Universal Service Fund contribution processes revealed that the Commission and other stakeholders would be well-served by a fresh, detailed review in a formal setting.

We were greatly encouraged, therefore, to see that both you and Commissioner O'Rielly informed USAC that improvement was necessary. As it so happens, at the time of your warnings to USAC, the SCC was in the midst of investigating what we believe to be possible problems in USAC's administration of the USF program.

As you may know, the SCC was formed to work cooperatively with the FCC, providing an on-the-ground, practical perspective to federal regulators. Though we are a small group, the SCC member companies live in the communities we serve, and take our responsibilities to these communities very seriously. Consequently, the SCC expended substantial time and effort in conducting our own review of particular aspects of USAC's administration of federal universal service programs, including, *inter alia*: 1) carryover of unexpended USF monies, now constituting a substantial reserve; and 2) audit expenditures, findings of malfeasance, and associated recoveries.

Based on our analysis, we have identified several areas of concern, including:

1) Reserve fund carryover

- Significant funds are collected each year from service providers, yet not disbursed. According to USAC's own reports, this reserve now exceeds \$8 billion in the form of Assets Held for the USF and CAF Reserves (now the High Cost Account).



- We believe that this overage could be put to better use by increasing payments to providers, and/or in reduced collections from end-user/customers.
- 2) Size of USF shortfall
- Past estimates of the annual shortfall in the USF program have varied, but have generally been within the \$200-\$400 million range.
  - The SCC's careful analysis places this annual shortfall startlingly closer to \$1.5 billion per annum.
- 3) Unfocused and wasteful audits
- According to their own numbers, the FCC and USAC have spent close to \$250 million on the first three rounds of USAC audits of the High Cost Program alone, but in fiscal year 2016, recovered only \$8 million.
  - Such a startlingly low recovery rate clearly demonstrates that USAC should dramatically revise their audit targeting, utilizing—at a minimum—the materiality threshold in accordance with generally accepted auditing standards.

Within the next two weeks, the SCC will be releasing a white paper elucidating these findings in greater detail. We would very much appreciate an opportunity to sit down with you at that time to discuss our findings, with an eye toward further enhancing the FCC's role as a responsible and accountable regulator.

Similarly, pursuant to our earlier conversation, we'd like to formally extend to you an invitation to come visit our operations in Southwestern Pennsylvania. It's only a short distance from Washington, D.C., and would be illuminating with respect to how small rural telecoms operate, and the unique challenges we face in providing quality services to remote communities.

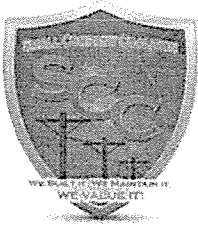
As always, we are grateful for your leadership, and very much appreciate your time and consideration. We'll be in contact with your office shortly to arrange a time to meet.

Sincerely,



James J. Kail

Executive Committee Member



## EX PARTE COMMUNICATION

May 30, 2017

The Honorable Michael O'Rielly  
Commissioner, Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

**Re: Universal Service Administrative Company; Connect America Fund**

Dear Commissioner O'Rielly:

We write to follow up on our previous communications, both in person and via correspondence. If you'll recall, I am a member of the Executive Committee of the Small Company Coalition (SCC), a consortium of small, rural telecom providers and associated vendors from across the country.

The SCC was formed with the specific intent of working collaboratively with the FCC on issues impacting our ability to provide advanced telecommunications services to Americans in small and remote communities throughout the country. We know that you share our view that such access is vital to almost 50 million Americans.

In April, we met with Chairman Pai to discuss issues of importance to our businesses and communities, including regulatory streamlining and USAC auditing. We know you share Chairman Pai's commitment to ensuring that regulations protect American taxpayers, but do so effectively and efficiently, and in a manner that does not unnecessarily impair the ability of entities like the SCC member companies to function and survive. We are grateful for your leadership in this area.

In this vein, we took particular note of your May 4, 2017 statement regarding the resignation of Universal Service Administrative Company (USAC) CEO Chris Henderson. The SCC agrees that this could serve as an inflection point for USAC, presenting a prime opportunity to review USAC's operations to—in your words—"clean up its act."

As it so happens, at the time of Mr. Henderson's resignation, the SCC was in the midst of investigating what we believe to be possible problems in USAC's administration of the USF program. Our review of USAC's financial statements and Universal Service Fund contribution processes revealed that the Commission and other stakeholders would be well-served by a fresh, detailed review in a formal setting.

Though the SCC is a small group, SCC member companies live in the communities we serve, and take our responsibilities to these communities very seriously. Consequently, we expended substantial time and effort in conducting our own review of particular aspects of USAC's administration of the federal universal service programs, including, *inter alia*: 1) carryover of unexpended USF monies, now constituting a substantial reserve; and 2) audit expenditures, findings of malfeasance, and associated recoveries.

Based on our analysis, we have identified several areas of concern, including:

1) Reserve fund carryover

- Significant funds are collected each year from service providers, yet not disbursed. According to USAC's own reports, this reserve now exceeds \$8 billion in the form of Assets Held for the USF and CAF Reserves (now the High Cost Account).

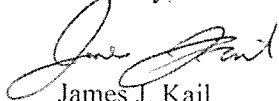
- We believe that this overage could be put to better use by increasing payments to providers, and/or in reduced collections from end-user/customers.
- 2) Size of USF shortfall
- Estimates of the annual shortfall in the USF program vary, but generally fall within the \$200-\$400 million range.
  - The SCC's careful analysis places this annual shortfall startlingly closer to \$1.5 billion per annum.
- 3) Unfocused and wasteful audits
- According to their own numbers, the FCC and USAC have spent close to \$250 million on the first three rounds of USAC audits of the High Cost Program alone, but in fiscal year 2016, recovered only \$8 million.
  - Such a startlingly low recovery rate clearly demonstrates that USAC should dramatically revise their audit targeting, utilizing—at a minimum—the materiality threshold in accordance with generally accepted auditing standards.

Within the next two weeks, the SCC will be releasing a white paper elucidating these findings in greater detail. We would very much appreciate an opportunity to sit down with you at that time to discuss our findings, with an eye toward further enhancing the FCC's role as a responsible and accountable regulator.

In addition, Chairman Pai expressed interest in visiting our operations in Southwestern Pennsylvania. We would like to extend this same invitation to you. We're only a short distance from Washington, D.C., and the visit would be illuminating with respect to how small rural telecoms operate, and the unique challenges we face in providing quality services to remote communities.

As always, we very much appreciate your time and consideration. We will follow up with your office shortly to arrange a meeting in D.C.

Sincerely,



James J. Kail

Executive Committee Member



## **Small Company Coalition**

### *White Paper: Proper Funding of the Federal High Cost Programs*

June 2017

## **EXECUTIVE SUMMARY**

The Small Company Coalition (SCC) presents this White Paper to address the pressing need to fully fund the federal universal service high-cost programs applicable to rate-of-return (RoR) regulated carriers. The Federal Communications Commission (FCC) has, through several means, constrained the amount of support available to RoR carriers, none of which relate to the actual need of support for the purpose of building and maintaining world-class broadband networks. Instead, the FCC has adopted an artificial budget, based on the historical use and need of federal high-cost programs, to limit the overall amount of support available. As such, the mechanisms available to RoR carriers to foster broadband deployment and maintenance—i.e. the Alternative Connect America Model (ACAM) and the Connect America Fund Broadband Loop Support (CAF BLS), as well as High Cost Loop Support (HCLS) and Alaska Plan support – are insufficient to meet the needs expressed by the Commission-adopted calculations.

This SCC-sponsored review demonstrates that the artificial constraints placed on the RoR high cost mechanisms are needlessly harming the ability of carriers to deploy broadband, especially considering the collection and maintenance of significant CAF reserves. Such reserves could help reduce costs associated with maintaining integrity in the USF and the savings could be better used to help fund the RoR mechanisms. Consequently, the SCC concludes that the FCC must move towards fully funding the RoR high cost mechanisms through the steps outlined in this report.

*About The Small Company Coalition.* The SCC is an alliance of rural telecommunications and broadband providers as well as supporting vendor companies, formed to educate and empower small rural ILECs to work with regulators and legislators to eliminate or modify harmful laws or regulations. We endeavor to influence and revise regulations and legislation that impede our ability to provide advanced telecommunications service to the customers and communities we serve. The SCC, which is an initiative led by small company executives, strives to ensure that the voice of small companies is heard by those who have a genuine interest in protecting and enhancing the communication service needs of rural Americans.

## **I. THE STATE OF THE RATE OF RETURN HIGH COST SUPPORT MECHANISMS**

The federal high cost support mechanisms available to RoR carriers are: (1) the ACAM program, which is based on an already-awarded fixed amount of support paid out over ten years; (2) the “legacy” mechanisms, consisting of CAF BLS and HCLS; and (3) Alaska Plan support. Currently, the federal programs’ budgets are as follows<sup>1</sup>:

*Table 1 – High Cost Support*

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<sup>1</sup> Source: USAC 3Q2017 Filing

Program	3Q17 Budget (Millions)	Annualized (Millions)
HCLS	\$ 125.65	\$ 502.60
CAF BLS	\$ 186.12	\$ 744.48
ACAM	\$ 138.95	\$ 555.80
AK Plan*	\$ 13.50	\$ 54.00
Total	\$ 464.22	\$ 1,856.88

\* RLEC portion only

The amounts shown in Table 1 reflect capped amounts for each of the programs. In the HCLS program, there are multiple capping mechanisms: (1) the indexed cap; and (2) the overall budget control mechanism adopted by the FCC. The CAF BLS is also limited by the FCC's overall budget control mechanism. ACAM support was limited by operation of parameters within the model itself, such as lowering the per-location limit on support. In total, the SCC estimates these budget constraints result in \$1.460 billion of reduced support, broken down as follows:

Table 2 – Federal High Cost Support Limitations<sup>2</sup>

Program	Capped	Uncapped	Reduction	Annualized
HCLS - Indexed Cap	\$ 704.12	\$ 1,922.12	\$ 1,218.00	\$ 1,218.00
CAF BLS/HCLS Budget Control	\$ 799.78	\$ 879.52	\$ 79.74	\$ 159.48
ACAM	\$ 555.80	\$ 638.00	\$ 82.20	\$ 82.20
Total	\$ 2,059.70	\$ 3,439.64	\$ 1,379.94	\$ 1,459.68

The Commission established an overall budget for the RoR high cost support mechanisms at \$2 billion, which is based on support levels paid to such carriers in 2011.<sup>3</sup> This support level does not take into account more recent Commission decisions to, for example, increase the minimum broadband speeds (10/1 mbps) or change the definition of advanced services (to 25/3 mbps). It also fails to take into account any increase that would be needed as a result of inflation. The legacy support level also includes a now non-existent mechanism, Interstate Common Line Support or ICLS, but not the mechanism the Commission adopted to directly address the provision of broadband services (CAF BLS). To the SCC's knowledge, no effort has been made to perform a bottom-up calculation of support requirements, and instead the fate of broadband availability in rural America rests on a top-down allocation of already inadequate resources.

## II. THE ROR SUPPORT MECHANISMS SHOULD BE FULLY FUNDED

As stated above, the current overall RoR carrier high cost support budget of \$2 billion is based on support levels that existed in 2011 with the adoption of the *USF/ICC Transformation Order*. At that time, HCLS, ICLS, and local switching support (LSS) made up the bulk of the RoR mechanism. Since then, LSS has been eliminated and replaced by CAF Inter-carrier Compensation support (CAF ICC), and ICLS has been replaced and in most ways enhanced by CAF BLS. However, with the release of the *USF/ICC Transformation Order* and subsequent decisions, the Commission's focus has been almost entirely on the availability and affordability of broadband services.

<sup>2</sup> HCLS Indexed Cap – NECA Overview and Analysis of 2016 USF Data Submission, September 30, 2016; CAF BLS/HCLS Budget Control – USAC 3Q2017 FCC Filing, Appendix HC15; ACAM – USAC 3Q2017 FCC Filing, Appendix M02 and Comments of WTA – Advocates for Rural Broadband, filed February 13, 2017 in WC Docket No. 10-90 at p. 5

<sup>3</sup> *USF/ICC Transformation Order*, FCC 11-161 (rel. Nov. 18, 2011) at 126

As stated above, the FCC has increased the threshold broadband speed to be provided for support eligibility, and has increased the speed related to the definition of advanced telecommunications services pursuant to Section 706 of the Act. Even with these changes, and the fact that the total RoR support level is based on USF distributed in 2011, the overall budget has not increased. This has, in part, led to the unfunded support mechanisms noted above in *Table 2*.

While RoR RLECs have done an admirable job in building and maintaining state-of-the-art broadband networks, more effort, investment, operations, and maintenance are necessary to reach the FCC's current 25/3 mbps goal for the United States. Table 3, from the FCC's most recent Broadband Progress Report, shows that 39% of Americans living in rural areas do not have access to 25/3 mbps broadband internet access services (BIAS). This ratio increases dramatically, to 68%, for Americans living in rural Tribal areas.

*Table 3 – Americans Without Access to Fixed Advanced Telecommunications Capability (25/3 mbps)*

	Population (millions)	Percentage of Population
United States	33.982	10%
Rural Areas	23.430	39%
Urban Areas	10.552	4%
Tribal Lands	1.574	41%
Rural Areas	1.291	68%
Urban Areas	0.283	14%
U.S. Territories	2.628	66%
Rural Areas	1.078	98%
Urban Areas	1.550	54%

Typically, the last customers to receive BIAS of 25/3 mbps magnitude are the most expensive to serve, a fact recognized by the FCC in numerous instances.<sup>4</sup> Thus, it makes little to no sense to (1) establish a budget based on 2011 support payouts, and (2) not determine, from the bottom up, exactly what it will cost to reach the FCC's goals for universal broadband services.

Compounding this problem is the FCC's refusal to fully fund the need for support identified by its own current formulas. As shown above, each of the FCC's high cost support mechanisms for RoR carriers is in some way constrained. The SCC suggests a necessary start to this process is for the FCC to fully fund the RoR high cost support mechanisms currently in place. The formulas inherent in these mechanisms have undergone substantial public scrutiny, FCC adoptions, and in many cases legal reviews. It is now time to trust that the calculations adopted via the FCC's process work and are worthy of full funding.

### III. CURRENT UNIVERSAL SERVICE FUND RESERVES

The SCC has reviewed publicly-available data regarding the financial status of the FCC's universal service fund programs. This data includes Universal Service Administrative Company (USAC) annual reports, FCC filings, and other information; National Exchange Carrier Association (NECA) data; and information generated by the FCC, including various reports, orders, and comments filed in proceedings. From this data, the SCC concludes that ample resources

<sup>4</sup> See e.g., *RoR USF Reform Order* (FCC 16-33, rel Mar. 30, 2016) at 172

exist to at least better fund the RoR high cost mechanisms, if not fully fund them as the SCC recommends.

### A. CAF Reserves

In the *USF/ICC Transformation Order*, the Commission adopted changes to the way the USF is funded. First, the way excess contributions (i.e., USF contributions in excess of USF demand) were handled was changed to allow, in addition to requiring USAC to carry such excess contributions forward, the FCC to utilize them in other ways.<sup>5</sup> Second, and in recognition of the newly established \$4.5 billion overall budget for the high-cost support programs, the FCC established the CAF Reserve, where USAC is required to forecast no less than \$1.125 billion in quarterly USF demand (1/4 of the annual budget). In quarters where demand is less than \$1.125 billion, the difference is added to the CAF Reserve. In quarters where demand is greater than \$1.125 billion, the CAF Reserve is to be utilized in order to keep the USF contribution percentage from wildly fluctuating.<sup>6</sup> The FCC later ordered the CAF Reserve to be transferred to the high cost account.<sup>7</sup>

USAC has aggregated nearly \$2 billion in CAF Reserves since 2012, and has obligated \$200 million per year for the voluntary model-based support path for RoR carriers (\$2.0 billion over 10 years). The annual breakdown is as follows:

Table 4 – CAF Reserves<sup>8</sup>

CAF Reserves (\$millions)				
Period	Beginning Balance	Additions	Disbursements	Ending Balance
2012	\$ 524.32	\$ 467.70	\$ (105.20)	\$ 886.82
2013	\$ 886.82	\$ 680.56	\$ (365.06)	\$ 1,202.32
2014	\$ 1,202.32	\$ 780.90	\$ (34.80)	\$ 1,948.42
2015	\$ 1,948.42	\$ 657.02	\$ (593.67)	\$ 2,011.77
2016	\$ 2,011.77	\$ 489.54	\$ (477.83)	\$ 2,023.48
1Q2017	\$ 2,023.48	\$ 85.47	\$ (103.36)	\$ 2,005.59
2Q2017	\$ 2,005.59	\$ 36.87	\$ (136.69)	\$ 1,905.77
3Q2017	\$ 1,905.77	\$ 33.04	\$ (96.02)	\$ 1,842.79

### B. USAC Financials

USAC issues a financial report each year that shows the activity undertaken regarding its responsibility in overseeing the federal universal service programs. The reports provide an overview of USAC’s activity during the year and include certain financial statements, statistics, a management discussion of results, and an independent auditor’s report.

According to the SCC’s analysis, USAC’s financials show substantial accumulated assets that appear to largely be attributable and/or assigned to the Schools and Libraries program. Of the total “Assets Held for the Federal USF” amount shown on USAC’s schedule of assets, 60% is assigned to the Schools and Libraries program. Following is a brief summary:

<sup>5</sup> *USF/ICC Transformation Order* at 548

<sup>6</sup> *Id.*, at 559-563

<sup>7</sup> *RoR USF Reform Order*

<sup>8</sup> USAC 3Q2017 quarterly filing to the FCC, Fund Size Projection Summary, p. 11-12

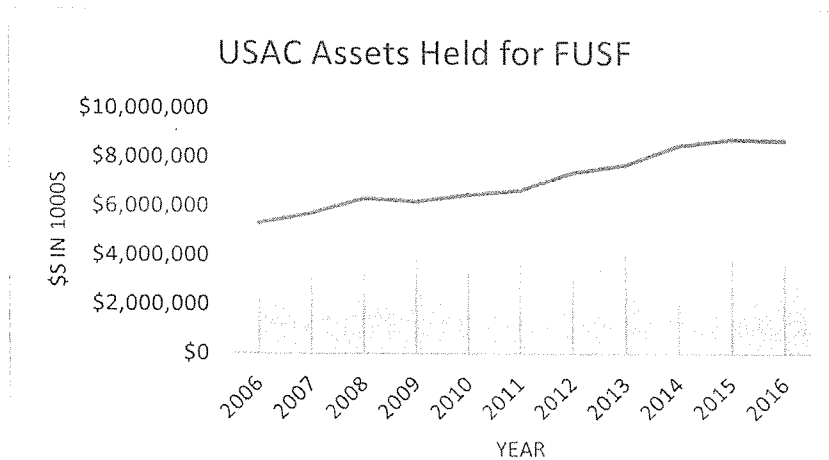
Table 5 – USAC 2016 Schedule of Assets (\$ in 1000s)<sup>9</sup>

Description	S&L	High Cost	Lifeline	RHC	Common	Total
Cash and Equiv.	\$ (1,041,006)	\$ 2,216,210	\$ 65,833	\$ 443,489	\$ -	\$ 1,684,526
Investments	\$ 6,249,790	\$ -	\$ -	\$ -	\$ -	\$ 6,249,790
Receivables	\$ 134,424	\$ 37,424	\$ 35,748	\$ 578	\$ 881,873	\$ 1,090,047
Allowance	\$ (130,543)	\$ (36,710)	\$ (14,149)	\$ (570)	\$ (175,317)	\$ (357,289)
Interest Rec.	\$ -	\$ -	\$ -	\$ -	\$ 14,499	\$ 14,499
Total	\$ 5,212,665	\$ 2,216,924	\$ 87,432	\$ 443,497	\$ 721,055	\$ 8,681,573
Percent of Total	60%	26%	1%	5%	8%	100%

The audit report, Note 3, provides the following explanation for these assets:

3. *Activities Related to the Federal USF.* As described in Note 1, the cash and other financial assets of the USF, which USAC administers and acts as an intermediary for, are reported at fair value in the Statements of Financial Position as assets held for the Federal USF, with an equal amount recorded as liabilities related to assets held for the Federal USF. The summary of assets applicable to the USF included below provides additional detail with respect to these amounts.

Over time, as shown in the chart below, the balance in total assets held for the Federal USF has grown substantially.<sup>10</sup>



The SCC is aware of the Antideficiency Act (ADA) and its possible impacts on the federal USF.<sup>11</sup> The ADA helps ensure that the United States government does not incur obligations in excess of the ability to meet those obligations in terms of available appropriations or funds, and the USF has been determined to be subject to the ADA.<sup>12</sup> For example, in the E-Rate program the issuance of Funding Commitment Decision Letters (FCDL) consists of obligations under the ADA and thus must be accounted for consistently with governmental generally accepted accounting principles.<sup>13</sup> However, the USF was exempted from the ADA's requirement by Congress through

<sup>9</sup> 2016 USAC Annual Report, at p. 28

<sup>10</sup> USAC Annual Reports

<sup>11</sup> Pub.L. 97-258, 96 Stat. 923

<sup>12</sup> See e.g., United States Government Accountability Office "Application of the Antideficiency Act and Other Fiscal Controls to FCC's E-Rate Program", GAO-05-546T (April 11, 2005)

<sup>13</sup> See *In the Matter of Application of Generally Accepted Accounting Principles for Federal Agencies and Generally Accepted Government Auditing Standards to the Universal Service Fund*, Order, CC Docket No. 96-45 (rel. Oct. 3, 2003; FCC 03-232)



December 31, 2017.<sup>14</sup> Assuming the assets held for the USF are related to USAC's efforts to comply with possible future application of the ADA, but given the growth reflected above and the fact that the USF has been exempted until the end of 2017, the SCC believes a detailed review of these investment amounts is warranted.

### **C. Excess Resources Should be Used to Fully Fund RoR USF Programs**

Based on the above discussion, the SCC strongly urges the FCC to review USAC's financial position, especially as they relate to the "Assets Held for Federal USF," and determine whether, as the SCC suspects, this represents a severe overfunding of the USF program. Should the FCC find that the investments held for federal USF represent an excess reserve, then the SCC recommends the FCC expeditiously move to reallocate those funds to either (1) reduce the federal universal service charge, or (2) more fully fund the RoR USF mechanisms. Furthermore, the SCC recommends the FCC utilize all or a portion of the uncommitted CAF Reserves to help fully fund the RoR USF mechanisms.<sup>15</sup>

## **IV. UNIVERSAL SERVICE PROGRAM-RELATED AUDITS**

The FCC, with assistance from USAC, has enacted various audit and review processes in relation to payments made from the federal universal service programs. These processes include the FCC's Office of Inspector General (OIG) audits, USAC's Beneficiary and Contributor Audit Program (BCAP), and USAC's Payment Quality Assurance (PQA) program. The SCC's members and numerous other RoR carriers have been subject to one or more of these reviews, and the overall experience has been one of inefficiency, repetition, frustration, and sometimes interminable length.

According to the FCC's latest data, the review processes resulted in 158 audits with a total of \$8,044,263 in estimated overpayment recovery. Below is the summary provided by the FCC for 2016:

*Table 6 – FCC 2016 Payment Recovery<sup>16</sup>*

<b>Program or Activity</b>	<b># Audits</b>	<b># of Audits with Overpayments</b>	<b>Estimated Recovery</b>
USF-HC	46	29	\$1,456,833
USF-S&L	81	32	\$6,503,946
USF-LL	16	4	\$4,504
USF-RHC	15	3	\$78,980
<b>Total</b>	<b>158</b>	<b>68</b>	<b>\$8,044,263</b>

Based on the above data, the FCC's high cost program review processes resulted in a recovery of \$50,913 in payment recovery per audit. The SCC asserts the cost of the audit programs is not worth the payments recovered. For example, recent information obtained by the SCC reveals a total contract award of \$99.8 million for eight awardees to perform USAC's BCAP audits. The apparent term for this contract is four years, or approximately \$25 million per year. Even if all of the 2016 estimated recovery reflected in Table 6 is attributed to the BCAP audits, the benefit related to this use of federal universal service funds is a difficult, if not impossible, case to make.

<sup>14</sup> USAC 3Q2017 Fund Size Projection Summary at p. 72

<sup>15</sup> In addition to the additional ACAM funding committed by the FCC, the SCC also recognizes the open issues surrounding the National Tribal Telecommunications Association's Tribal Broadband Factor (TBF) proposal. It is the SCC's understanding that NTTA is requesting funding from the CAF Reserves for the TBF.

<sup>16</sup> 2016 FCC Agency Financial Report

Instead of continuing an obviously inefficient and cost ineffective audit process, the SCC recommends the FCC heed its own advice and pay further attention to materiality concerns. In its recent Report and Order addressing the comprehensive review of the Part 32 Uniform System of Accounts, the FCC stated:

“We also agree with Alexicon that ‘it would be beneficial to NECA and its pool members if the Commission adopted a definition of materiality that provided guidance related to NECA’s review procedures.’ Indeed, more particular guidance may be especially important for carriers receiving legacy universal service support because federal support is tied to the reported cost of such carriers. We adopt the general materiality guidelines promulgated by the Auditing Standards Board.”<sup>17</sup>

The SCC suggests a similar approach to ensuring the proper use of federal high cost support funds. For example, the FCC could rely on independent auditors for testing compliance with certain USF rules and reporting results. Furthermore, the FCC should make more efforts to identify high risk or known “bad actors” for audits and further review, instead of undergoing costly audits of the smallest companies with little or no chance for material recovery (due to the relatively small amount of support received, unless foul play is detected). To this end, the FCC and USAC must develop, via an orderly and public process, methods to identify the highest audit risks (in terms of likelihood of material repayment of funds) so that audit resources can be most efficiently expended.

### **CONCLUSION**

The SCC appreciates the effort over the years that Congress, the FCC, and other stakeholders have expended in implementing, revising, and executing the federal universal service support programs. It is nothing less than a herculean effort on the part of all involved to maintain a functioning program, all while the industry changes at a rapid pace. However, the SCC suggests it is time for the FCC to recognize the very basic issues discussed in this report – that the high cost mechanisms identify support needed for broadband network deployment and maintenance in rural areas, but that artificial constraints are keeping these programs from full effectiveness.

The SCC strongly urges the FCC to consider steps to fully fund the RoR high cost support mechanisms by carefully reviewing, in a public fashion, the financial accounts maintained by USAC and to revisit the FCC’s policies on fund reserves. Based on the SCC’s analysis, substantial resources appear to exist to more fully fund the RoR high cost programs.

Finally, the SCC strongly urges the FCC to review and revise the audit and review process currently in place and executed by the OIG and USAC. The SCC believes there are substantial inefficiencies inherent in the process that lead to unnecessary costs being passed to the program, RoR carriers, and ultimately the customers themselves.

#### **The Small Company Coalition**

*Executive Committee*

James J. Kail

Godfrey Enjady

Glenn Lovelace

June 7, 2017

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<sup>17</sup> *In the Matter of Comprehensive Review of the Part 32 Uniform System of Accounts*, Report and Order (FCC 17-15), WC Docket No. 14-130 (rel. February 24, 2017) at 26

## FCC Urged To Review Flaws With Universal Service May 31, 2017

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Author: Jenna Ebersole

### Summary

An advocacy group of small and rural telecom providers on Tuesday told the Federal Communications Commission that it has investigated the administrator of the FCC's Universal Service Fund and uncovered several problems that warrant more formal review.

### Body

An advocacy group of small and rural telecom providers on Tuesday told the Federal Communications Commission that it has investigated the administrator of the FCC's Universal Service Fund and uncovered several problems that warrant more formal review.

The Small Company Coalition said in Tuesday letters to FCC Chairman Ajit Pai and Republican Commissioner Michael O'Rielly that it has reviewed the Universal Service Administrative Co. and found several areas of concern. USAC administers the fund, which aims to improve access to and affordability of modern telecom services across the U.S.

The coalition told Pai that its members have been through USAC audits and believe the process is "fundamentally flawed."

"In addition, our review of USAC's financial statements and Universal Service Fund contribution process revealed that the commission and other stakeholders would be well-served by a fresh, detailed review in a formal setting," the group wrote.

The SCC met with Pai in April on various issues, including management at USAC, the letter said. Pai and O'Rielly told USAC that "improvement was necessary" as the coalition was also investigating, the group added.

The coalition's analysis has shown USAC collects significant funds each year that it doesn't disburse, with a reserve of more than \$8 billion that "could be put to better use by increasing payments to providers and/or in reduced collections from end-user/consumers," the letter said.

Additionally, the SCC said the annual shortfall in the program is close to \$1.5 billion per year. USAC and FCC have spent nearly \$250 million on audits in the first three rounds for the program to expand rural access, and recovered just \$8 million in fiscal year 2016.

"Such a startlingly low recovery rate clearly demonstrates that USAC should dramatically revise their audit targeting, utilizing — at a minimum — the materiality threshold in accordance with generally accepted auditing standards," the group said.

The coalition told O'Reilly that the recent resignation of USAC CEO Chris Henderson also came during its investigation, with the commissioner early in May saying Henderson's departure was a chance for USAC to "clean up its act."

O'Reilly said in a statement at the time that the FCC should consider putting USAC's functions out for contract. The company's board accepted Henderson's resignation on May 3, according to a USAC statement.

USAC is an FCC-designated not-for-profit organization in charge of administering the fund, which supports broadband for rural health care, schools' and libraries' digital connections, the Lifeline low-income subsidy program and the high-cost program to pay for deployment in hard-to-reach areas.

Representatives for the FCC did not immediately provide comment on the SCC letters late Wednesday.

In a blog post Wednesday, O'Reilly and Democratic Commissioner Mignon Clyburn wrote on the topic of universal service on a separate issue. They said the FCC should "fix a fundamental structural defect" in the program that funds expanded rural service by no longer subsidizing the cost of extending access to the very rich in rural areas.

"This is not about stoking a debate over societal inequalities, as we have no animosity towards successful individuals; instead, it's about instilling some common sense in a government subsidy system where it is desperately needed," the commissioners wrote. "Because of our budgetary constraints, each dollar spent subsidizing service unnecessarily is a dollar that is not being used to help bring broadband to unserved Americans, particularly those who cannot afford the full cost of service."

Clyburn and O'Reilly sought feedback on whether to implement means-testing within the program for subsidizing expanded rural access.

--Editing by Catherine Sum.

# INDEPENDENT TELECOM REPORT

## News And Analysis

For America's Independent Telecommunications Networks

Volume 16, Issue 10

June 5, 2017

W i r e l i n e - W i r e l e s s - B r o a d b a n d - C a b l e - V i d e o

### News And Analysis:

## FCC COMMISSIONERS EXPLORE MEANS-TESTING FOR USF HIGH COST PROGRAM

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*Readers are encouraged to submit letters or other commentary for publication. Letters and commentary for publication can be sent to: Independent Telecom Associates, 4601 Tilden Street N.W., Washington, D.C. 20016 or by e-mail to: [tnfsmith@rcn.com](mailto:tnfsmith@rcn.com)*

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### *O'Rielly, Clyburn Suggest Means-Testing As "Fix" for "Fundamental Structural Defect" In USF High Cost Program*

The future of the USF High Cost Fund may have become even murkier last week when FCC Commissioners Michael O'Rielly and Mignon Clyburn issued a blog post advocating for exploring means-testing to ensure that USF is spent efficiently, and to improve the overall effectiveness of the USF program. This comes at a time when the rural industry is pushing for additional USF reforms and additional funding for the High Cost Fund. The blog posting also comes at a time when FCC Chairman Ajit Pai has indicated his highest priority is the elimination of the digital divide between urban and rural areas.

"It's time to fix a fundamental structural defect within our high cost program," the Commissioners wrote in the jointly signed blog posting. "That is, we currently subsidize access to communications for people who don't need or deserve governmental assistance.

"In other words, we should end the practice of spending scarce USF high-cost support to illogically subsidize the cost of communications services for very rich people who happen to live in the more rural portions of our nation."

The issue of means-testing the high cost fund was raised about three years ago in the U.S. Congress by the Free State Foundation, a conservative think tank that long has advocated for the phase out of the high cost fund and questioned the need for universal service funding. The Free State Foundation is  
(Continued On Page 2)

# FCC COMMISSIONERS EXPLORE MEANS-TESTING FOR USF HIGH COST PROGRAM

(Continued From Page 1)

playing an increasingly prominent role in telecommunications policy since The Free State Foundation also routinely advises key Republican leaders in Congress who have oversight responsibility for the telecommunications industry.

The blog posting by O’Rielly and Clyburn even referenced a Free State Foundation white paper on the high cost fund.

The blog posting also comes against a backdrop in which the FCC is examining the rural rate floor and recently voted to postpone an increase in the rural rate floor benchmark that had been mandated by the 2011 USF Transformation Order.

The blog posting also comes in the wake of congressional criticism of the FCC for reform of its stand-alone broadband rules. These rules were advocated by the rural industry during an extended negotiation process led by O’Rielly, but now the industry is advocating for changes in those rules. Last year, O’Rielly came under criticism from Republican members of the U.S. Senate Committee on Commerce for the rules, but explained that the rules had been agreed to at the request and recommendation of the rural industry.

The blog posting also comes as the FCC begins an intense and vitriolic highly partisan debate over net neutrality in which some small rural carriers have indicated their support for rolling back the rules – rules which are strongly favored by Clyburn. Moreover, Pai has used the small rural carriers’ calls for rolling back the rules as a primary justification for his proposals.

There is no indication that the blog posting by O’Rielly and Clyburn is related to any of these other factors. But, the timing of the posting has caught many by surprise, especially given the volatile nature of the debate over telecommunications policy issues at this time which is creating great uncertainty over the future of the industry and federal policy on telecommunications and technology. Additionally, the language in the blog posting seems harsh, especially for Clyburn, given it stresses that USF funds are not now being used efficiently. The blog posting was almost a throwback to the debate nearly ten years ago in Congress when some suggested USF was a windfall for small rural carriers. This led some in Congress at the time, primarily Representative Joe Barton (R-TX), then the chairman of the House Committee on Energy and Commerce, to advocate the phasing out USF completely because it was not consistent with free market principles.

Barton is still a member of the Committee and sought the chairmanship unsuccessfully again this year.

In their blog posting, the two Commissioners question why USF should be allocated in an area where somebody might be earning a million dollars per year. They indicated their goal was to “spark a conversation” on how best to institute means-testing within the high cost program.

“This is not about stoking a debate over societal inequalities,” they wrote, “as we have no animosity towards successful individuals; instead, it’s about instilling some common sense in a government subsidy system where it is desperately needed. Because of our budgetary constraints, each dollar spent subsidizing service unnecessarily is a dollar that is not being used to help bring broadband to unserved Americans, particularly those who cannot afford the full cost of service.”

O’Rielly and Clyburn said they are seeking public input on whether their proposal for means-testing asks the right questions to enable the Commission to fully consider the issues, including the consequences of moving to a fully means-tested program.

“We hope to bring this issue before the full Commission in the very near future so as to properly engage the entire American public,” they said.

Means-testing is the concept that government subsidies should be targeted to recipients who qualify for assistance based on their lower income and asset levels. It is commonly used in federal government programs to establish or scale eligibility for benefits, including Medicare, Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and Supplemental Security Income (SSI). Massive cuts in most of these programs were recently proposed by President Donald Trump. The two Commissioners noted also in their blog posting that the Lifeline program is means-tested.

However, unlike these programs, companies, not individuals, qualify for USF high cost funding, and the financial support is used to fund telecommunications services networks that are not likely to be built or maintained without additional support. The Free State Foundation has criticized the USF as a tax program on American consumers. Yet, the premise behind universal service is that all Americans benefit when they can access others even in the most remote and non-competitive areas of the country.

The Free State Foundation has advocated in the past for changing the high cost program into a voucher program in which USF support would be provided to individuals instead of companies. But, this would make it difficult for carriers to predict their level of USF support over time, and undoubtedly discourage investment in network infrastructure.

O’Rielly and Clyburn noted the idea of means-testing the high cost fund is not new, and referenced several studies highly critical of USF and the high cost fund at a time when some in the U.S. Congress were pushing for major changes in a program they thought was wasteful, fraudulent, and corrupt.

Specifically, the Commissioners referenced a 2002 report by the U.S. Government Accountability Office (GAO) on means-testing the program. They also referenced a 2006 study by former FCC Chief Economist Thomas Hazlett, which concluded that the high cost subsidies to carriers may enable some operators to offer prices as low as those paid by urban and suburban residents for service that is much less costly to supply, but that the services are offered to all residents, rich and poor alike.

Commissioners Clyburn and O’Rielly also referenced a 2013 paper by Hazlett and Scott Wallsten which asserted that there is a consensus among economists that the high cost program is inefficient because poor urban consumers pay significant telecommunications fees to subsidize affluent phone customers in Aspen, Colorado, and Jackson Hole, Wyoming.

The FCC was seeking to make the high cost fund more efficient, according to the two Commissioners, by relying on reverse auctions to produce more efficient funding levels; targeting support to unserved areas; establishing a policy of funding one provider per area; and limiting funding to areas where there is no unsubsidized competitor. They also said the cap on the high cost fund helps to encourage efficiencies and cost effectiveness.

“Notwithstanding these reforms,” O’Rielly and Clyburn wrote, quoting from the 2014 Free State Foundation white paper, “high-cost funding has remained subject to criticism for having ‘perverse distributional effects, by subsidizing wealthy rural consumers, who are never subject to means-testing, but who can easily afford to pay the full cost of access.’”

The Commissioners asked for feedback on what are the advantages and disadvantages of means-testing and whether it would make the program more efficient. They also asked for comments on how it could be implemented without disrupting current programs and how the Commission could set income eligibility.

They proposed several ways to implement means testing and sought public comment on those ideas. One method would be to require consumers identified as having adjusted gross income levels above a set threshold to pay the full cost of providing service to their locations. They also asked for feedback on what that threshold should be. They also asked how consumers above the threshold would be identified and whether the provider should have the responsibility to notify the consumers that they were above the threshold and thus, not eligible, for a subsidy.

A second option identified by O’Rielly and Clyburn was to use means-testing as a weighting factor in future reverse auctions or other distributions of universal service support. “For example,” they asked, “should the Commission adopt a weighting mechanism that would give preference to bids or builds that target low income areas?”

A third option would give the FCC the authority to exclude support for service to consumers in households in high-cost areas where the Commission determines based on publicly available information that a service area has a substantially high percentage of households with income at or above the 95<sup>th</sup> percentile of national household income levels.

“Instead of a service area,” they asked, “should the geographic area be a census block, and if so, how would that change the definition of ‘substantially high percentage?’ How should the commission define ‘substantially high percentage?’”

O’Rielly and Clyburn concluded their blog post stating, “We seek comment on these and other ideas, including how they could be implemented in each part of the high-cost program, and the costs and benefits of doing so.”



## **GOP Lawmaker Puts Internet Privacy On Congressional Agenda ... Again**

The architect of a successful effort in the U.S. House of Representatives to revoke broadband privacy protections put in place by the FCC during the tenure of then-FCC Chairman Tom Wheeler has reignited the controversy over the measure just weeks after President Donald Trump signed legislation to kill the controversial broadband privacy rules. Representative Marsha Blackburn (R-TN), the chairman of the U.S. House Energy and Commerce Subcommittee on Communications, has introduced new broadband privacy legislation that could renew the debate over the issue.

There is some speculation that Blackburn's introduction of the broadband privacy measure is more of a stunt than a serious legislative initiative, and that it is designed primarily to shield her from ongoing criticism for her role in overturning the broadband privacy rules.

The effort to kill the broadband privacy protections was a largely partisan effort with most Republicans voting to kill the rules and most Democrats supporting the privacy protections. However, there was a strong public backlash against the GOP for revoking the rules and a lot of it was directed at Blackburn, who was outspoken on the issue.

Many cities and states are considering legislation to implement state or city broadband privacy rules raising concerns about a patchwork of regulations nationwide. The quick response by cities and state legislatures has caught many congressional lawmakers by surprise.

The FCC rules would have required ISPs to get permission from customers before sharing their data with advertisers. Republicans argued that the rules were not fair because they did not also apply to edge or content providers, such as Facebook and Google. Republicans said they would support more uniform privacy regulations, and Blackburn's measure appears to be an attempt to blunt some of the criticism of the GOP-led effort to revoke privacy protections.

Blackburn's measure would require both edge services and ISPs to get users' permission before sharing their sensitive information, such as financial data, browsing history, and geolocation information, with advertisers.

Specifically, the measure would require ISPs or other digital players, including social platforms, platform publishers and mobile app providers to obtain opt-in consent from their customers before sharing sensitive consumer information with advertisers. It would require the same companies to provide opt-outs for use of non-sensitive data. Blackburn's measure also would designate the Federal Trade Commission (FTC) as the agency responsible for enforcement.

The bill has drawn sharp criticism from the Internet Association, which represents companies like Facebook, Twitter, and Google.

"This bill has the potential to upend the consumer experience online and stifle innovation," the Association said. "Policymakers must recognize that websites and apps continue to be under strict Federal Trade Commission (FTC) privacy enforcement and are not in an enforcement gap, unlike other stakeholders in the ecosystem."

Blackburn was highly critical of the Association's comments on her legislation.

"I thought the Internet Association would be more supportive of protecting consumers," she said. "I think if you ask the American people if they're OK with having less control over their online privacy so companies can sell their data – they'd say no."

Some have labeled Blackburn's bill a "Trojan horse" because there is a suspicion that its real intent is to kill state and city efforts to pass strong broadband privacy protections.

ISPs also were not rushing to indicate support for the measures. However, AT&T has indicated publicly that it supports the legislation.

"We have always said consumers expect their online data to be protected by a comprehensive and uniform privacy framework that applies across the entire Internet ecosystem," AT&T said, "and includes operating systems, browsers, devices, ISPs, apps, online services, and advertising networks."

"We support Chairwoman Blackburn for moving the discussion in that direction and we look forward to working with her as this legislation moves forward."

Meanwhile, FCC Commissioner Michael O'Rielly has called on the FCC to put in place regulations that would prohibit states from enacting their own privacy rules.

"I believe states should be barred from enacting their own privacy burdens on what is by all means an interstate information service," he said recently in a speech before the American Legislative Exchange Council. "It is both impractical and very harmful for each state to enact differing and conflicting privacy burdens on broadband providers, many of which serve multiple states, if not the entire country."

## **U.S. House Dems Unveil Broadband Infrastructure Spending Plan**

In a measure expected to be dead-on-arrival, leading Democrats in the U.S. House of Representatives have introduced legislation that would commit nearly \$93 billion over a five year period in new infrastructure spending – about half of which would be committed to broadband deployment mostly in rural America.

The legislation's lead sponsor was Representative Frank Pallone (D-NJ), the ranking member of the U.S. House Committee on Energy and Commerce. He was joined by all Democratic members of the House Committee on Energy and Commerce. The measure is known as the Leading Infrastructure for Tomorrow's America Act or LIFT America Act.

"At a time when our nation's infrastructure is either crumbling or in desperate need of modernization," Pallone said, "it's time we make real and significant investments for the future. The Lift

America Act is a blueprint for critical investments in our nation's infrastructure that will also create jobs, promote economic growth, and protect public health, and the environment.

"I'm pleased to introduce this comprehensive measure with my Democratic colleagues on the Committee and look forward to advancing these key investments in American infrastructure."

The measure would allocate \$40 billion over five years to deploy secure and resilient broadband networks and to expand broadband access for communities nationwide.

Three quarters of the funding would be used to deploy broadband in unserved areas of the country through a national reverse auction. The remaining funds would be given to states to distribute through state-wide reverse auctions.

If there are no unserved areas in a state, the state may use the funding to deploy broadband in underserved areas, to deploy broadband or connective technology to schools and libraries, or to fund the deployment of next generation 9-1-1.

Most of the funds would be required to be provided to private entities. State and local governments would be eligible to receive the funding earmarked for next generation 9-1-1. No funds can be used for municipal broadband buildouts.

The legislation would mandate that broadband speeds be at least 100 Mbps downstream and 3 Mbps up. There would be a carve-out for remote areas where speeds of 25 Mbps/3 Mbps would qualify for funding. The legislation would not allow consumers to be charged more than \$60 per month for residential service.

NTCA hailed the introduction of the measure.

"We appreciate the latest contribution to the evolving debate regarding how best to promote access to broadband," NTCA said. "Its introduction and the amount of resources indicated reflect a clear recognition of the importance of broadband as a national infrastructure priority. The ultimate touchstones in any infrastructure discussion must be both how we can build these assets in the first instance and – especially in high-cost rural areas, where the ongoing operation of a network is itself a substantial undertaking – how we can make sure these investments are sustainable for the benefit of the consumers and businesses that depend upon them."

President Donald Trump has previously indicated he wanted to move forward with an infrastructure spending measure. However, there were indications the measure he contemplated would focus on roads, bridges, and airports, and there was no indication that funding would be made available for broadband.

The latest reports, however, have indicated that infrastructure spending has proven not to be a high priority of the Trump administration. No measure has come forward and the Trump White House is focused on health care, budget cuts, and tax cuts. The White House is expecting that corporate tax cuts will spur the private sector to initiate new infrastructure investment and spending. At one time, a new proposed tax measure was expected also to include infrastructure spending, but that has not materialized.

## **GAO Report Highlights Pros and Cons Of Internet of Things (IoT)**

The U.S. Government Accountability Office (GAO) was required by Congress to conduct a study on the Internet of Things (IoT) specifically to examine its costs and benefits. That report has now been completed and sent to Congress.

The report highlights many benefits of the IoT, including high-tech baby clothes that could notify parents that the baby may have breathing irregularities. The report also suggests that municipalities could install sensors across cities to better understand utility usage. Smart trash bins could alert trash crews when they're overflowing, so that teams are not deployed unnecessarily, the report suggests.

However, the report also identifies challenges that would require close congressional monitoring or even regulation. For example, the GAO report concluded that the same sensors that could prove useful in cities also could easily be infiltrated and used to perpetrate identity fraud or even plan terrorist attacks.

The report noted that the security and privacy standards were still evolving and not widely adopted.

The report also found some logistical challenges. For example, devices hitched to a network may not always have space for a large power source which could make it hard to replace a power source like a battery.

The report emphasized serious concerns over privacy. For example, fitness trackers would know when and how much users work out, when they sleep and what the current heart rates are. The report notes that this information could be used by companies "in ways the customer did not anticipate."

These problems are compounded by the fact that no federal agency is now responsible for IoT oversight, according to the report. As of now, regulations are fragmented by sector.

Even the Director of National Intelligence warned that foreign intelligence might use the IoT for "identification, surveillance, monitoring, location tracking, and targeting for recruitment, or to gain access to networks or user credentials."

## **U.S. Senators Speak Up For E-Rate**

In an unusual pairing, Senators Ed Markey (D-MA) and Daniel Sullivan (R-AK) teamed up in writing a letter to FCC Chairman Ajit Pai expressing their strong support for the E-rate program.

"The E-rate program is essential for providing Internet connectivity to the nation's schools and libraries," the Senators wrote. "These institutions are vital outlets to connect all Americans in rural parts of the country. We write to encourage you to support this vital source of funding that benefits children across America."

The Senators added that the program is a "huge success." They stressed their pride in the "extraordinary history" of the program and vowed to ensure "that its future is even brighter."

In response, Pai said he supports a “more effective E-rate program” and added that the program can be a “powerful tool to help bridge the digital divide.”

Pai, however, he pointed to administrative flaws in the program concerning the application process for schools and libraries. He said the rollout of the online E-Rate Productive Center has been over budget, and that this has delayed approval of applications by schools and libraries for funding.

## **Senators' Questions Spark Trump Antitrust Pick To Raise Concerns About AT&T-Time Warner Merger**

Makan Delrahim, who has been nominated by President Donald Trump to lead the U.S. Department of Justice (DOJ) Antitrust Division, has expressed general concerns about the AT&T-Time Warner merger in response to questions submitted in writing by several members of the U.S. Senate Committee on Judiciary. The Committee is considering the nomination and will be expected soon to vote to recommend Delrahim's confirmation to the full Senate.

After confirmation, Delrahim will lead the DOJ review of the merger.

Senator Al Franken (D-MN) asked Delrahim his view of vertical mergers, like the AT&T-Time Warner deal.

“I think every transaction should be reviewed based on its particular facts and circumstances,” Delrahim wrote in response. “Thus, just because a transaction or particular types of transactions have been approved in the past does not mean that they could not raise competitive concerns in the future.”

In response to a similar question posed by Senator Amy Klobuchar (D-MN), Delrahim said that the vertical deals most deserving of scrutiny are “those where there is risk that either upstream or downstream competition may be foreclosed by the transaction.”

Franken also pushed Delrahim to outline his views on the role that the DOJ should play in ensuring an open Internet in the absence of network neutrality rules.

“To the extent that firms with market power take anticompetitive exclusionary action to limit competition on the Internet,” Delrahim responded, “the DOJ's Antitrust Division can and should use the antitrust laws to protect that competition. It would not be appropriate to utilize the antitrust laws to reach objectives beyond protecting competition.”

## **IN OTHER NEWS ...**

### **FCC Halts Rural Phone Rate Floor Hike**

The FCC voted recently to freeze the current minimum rate for local voice service at \$18 per month for customers of companies that receive USF support. The minimum rate, or rate floor, was scheduled to rise

to \$20 on July 1 and \$22 on July, 2018. These increases in the rural rate floor were incorporated into the 2011 USF Transformation Order.

The freeze will stay in effect until the FCC completes a review of its rate floor policy, but for no more than two years.

The rate floor set in 2011 was based on a national average, according to the FCC. Carriers that charge their customers less than the rate floor amount are penalized with a loss of a portion of their universal service funding. The language in the 2011 Transformation Order was largely overlooked by the rural industry at the time.

The rate floor was put in place because of concerns that rural carriers would keep their rates artificially low and that USF support would make this possible. The rate floor implementation, however, overlooked the reality that the local calling scopes widely vary throughout the nation. As a result, a local rate of \$18 may provide a consumer with telecommunications access to millions of other users in major urban areas like New York city, but the same \$18 rate likely provides rural consumers with access to only a few thousand other users, or fewer.

Former Senator Mark Pryor (D-AR), who at the time chaired the Senate Commerce Subcommittee on Communications, was the first to draw attention to the issue in 2014. However, the rural industry did not rally to Pryor's warnings about the rate floor language. Pryor later went on to lose his reelection bid and the issue lost a champion in the U.S. Senate.

Since then, however, AARP and other rural industry parties have argued that the rate floor has made basic voice service less affordable in some rural areas and has resulted in rates that are higher than in some urban areas. AARP has also suggested the rate floor is limiting consumer choice and slowing broadband deployment in rural America.

So now, the FCC is seeking comment on whether the rate floor has met its intended purpose, whether changes should be made to the current rate floor methodology, or whether it should be eliminated entirely. The FCC is also seeking comments on the costs and benefits of the rate floor.

## **FCC Votes To Begin Repeal Of Net Neutrality Rules As Controversy Continues To Grow**

As expected, the FCC voted 2-1 along partisan lines last month to begin to implement the plan advanced by FCC Chairman Ajit Pai to roll back the net neutrality rules approved by the Wheeler-led FCC. The vote opened a period of public comment before the agency moves forward with Pai's proposal.

The FCC agreed to open a public comment period on a proposal to reverse the Title II designation for broadband and opened a broader inquiry into what, if any, protections the FCC should add to replace the existing net neutrality rules.

The action was met with protests outside the FCC, accusations that fake comments in support of Pai's proposal are being filed with the FCC, and a controversy over the "manhandling" of a news reporter covering the FCC's open meeting and the protests.

The Commission's action was also met with a blistering dissent from Commissioner Mignon Clyburn. Clyburn warned that the new proposal would deeply damage the ability of the FCC to be a champion for consumers and competition in the 21<sup>st</sup> century.

"While the majority engages in flowery rhetoric about light-touch regulation and so on," Clyburn said, "the endgame appears to be no-touch regulation and a wholesale destruction of the FCC's public interest authority in the 21<sup>st</sup> century."

She added the proposal contained a "hollow theory of trickle-down economics, suggesting that if we just remove enough regulations from your broadband provider, they will automatically improve your service, pass along discounts from those speculative savings, deploy more infrastructure with haste, and treat edge providers fairly."

During the meeting, Pai read letters from smaller Internet companies claiming they had slowed network expansion because of Title II regulation.

"Consider for a moment why these statements are so important," Pai said. "These are the very companies that are critical for injecting competition into the broadband marketplace, the very companies that are critical to closing the digital divide."

The FCC action also prompted a renewed call from Republicans in the U.S. Senate to pass a compromise network neutrality measure that would prevent the network neutrality rules from becoming a revolving door changing as the party controlling the White House changes. Senator John Thune (R-SD), the chairman of the Senate Committee on Commerce, supported the FCC decision but called on Senate Democrats to come to the negotiating table to begin exploring a legislative solution that would bring long-term certainty to the network neutrality issue.

"In politics," Thune said, "it is rare to get a second chance at bipartisan compromise; yet, right now, we have an opportunity to accomplish what eluded us two years ago – clear and certain rules in statute to protect the open Internet."

Pai's proposal approved by the FCC would recommend that broadband be classified as a Title I service which would undo the legal basis for the current regulations.

Public interest groups have aggressively opposed Pai's plan and showed up in force at the FCC meeting to protest the decision. At the protests, the groups displayed a large faceless figure in a suit plastered with stickers for AT&T, Verizon, and other companies, and brought along puppets of Trump and Pai. Much of the protest is being organized by Free Press, which played a key role in the decision of the FCC two years ago to support making broadband a Title II service.

"Pai wants to continue the Trump administration's assault on free speech and political dissent and hand over control of the Internet to his corporate cronies at AT&T, Comcast, and Verizon," Free Press said.

Several lawmakers joined the protests, including Senator Ed Markey (D-MA) and Senator Ron Wyden (D-OR), who played key roles in the passage of the 1996 Telecommunications Act.

“We’re going to fight this rule,” Markey said. “We’re going to fight it at the FCC. We’re going to make sure that the FCC is flooded with comments that the net neutrality rules are working and that there is no problem and that they should not dismantle them.”

The atmosphere at the FCC also prompted questions from Democratic and Republican members of the Senate about the treatment of news reporters covering the event. FCC security guards were accused of “manhandling” a news reporter at the FCC who was seeking to ask a question of FCC Commissioner Michael O’Rielly before a scheduled news conference. The reporter was ejected from the building.

Senators Tom Udall (D-NM) and Maggie Hassan (D-NH) wrote a letter to Pai warning that the incident appeared to be part of a trend of harsh treatment of journalists by the Trump administration. Even more significantly, Senator Charles Grassley (R-IA), the powerful chairman of the Senate Committee on Judiciary, called for the FCC to explain why the reporter was manhandled.

“The FCC needs to take a hard look at why this happened and make sure it does not happen again,” Grassley said. “It’s standard operating procedure for reporters to ask questions of public officials after meetings and news conferences. It happens all day, every day.

“There is no good reason to put hands on a reporter who’s doing his or her job.”

Meanwhile, Free Press issued a report concluding that the net neutrality rules adopted in the 2015 Open Internet Order had triggered five percent higher capital investments by publicly traded ISPs; that cable industry physical network investments increased 48 percent in the two year period since adoption of the rules; that telecom company spending on fiber-to-the-home network terminals and ports rose nearly 50 percent last year; and the online video market was thriving in the wake of the rules. The report noted that Pai’s claims that Title II regulation had negatively impacted investment were not supported by the facts.

Free Press based its conclusions on reports filed by the providers with the federal government.

The Phoenix Center, a conservative Washington, DC-based think tank, issued its own report criticizing the Free Press report. The Phoenix Center said Free Press misinterpreted its own data and that capital expenditures by broadband providers are down significantly.

Free Press promised to deluge the FCC with comments. In fact, the FCC electronic system went down earlier last month after comedian John Oliver directed viewers of his HBO show to file comments on the agency’s web site in opposition to Pai’s attempt to roll back the net neutrality rules. Free Press claimed the site went down as a result of the number of filings that were being made. However, the FCC attributed the problems to a cyberattack.

Now, several Democratic U.S. Senators, who are suspicious of the FCC’s explanation, have called on the FBI to investigate the alleged cyberattack on the FCC website. Senators Brian Schatz (D-HI), Al



Franken (D-MN), Patrick Leahy (D-VT), Ed Markey (D-MA), and Ron Wyden (D-OR) have called on acting FBI Director Andrew McCabe to investigate the source of the attack.

“Any cyberattack on a federal network is very serious,” the Senators said. “This particular attack may have denied the American people the opportunity to contribute to what is supposed to be a fair and transparent process, which in turn may call into question the integrity of the FCC’s rulemaking proceedings.”

They have asked the FBI to prioritize this matter and report back to them by June 23.

In another development focused on the integrity of the comment process, 14 individuals have signed a letter to Pai complaining that their names were used to file fake comments and asked that these comments be withdrawn from the site.

“We are disturbed by reports that indicate you have no plans to remove these fraudulent comments from the public docket,” they wrote. “Whoever is behind this stole our names and addresses, publicly exposed our private information without our permission, and used our identities to file a political statement we did not sign onto.”

Earlier last month, several news outlets reported that fake anti-net neutrality comments were being filed with the FCC. The comments filed were identical, the reports indicated. It is estimated that the number of fake comments could be in the hundreds of thousands, according to news reports.

## **ITTA, USTelecom File Joint Petition Seeking Revisions In BDS Rules For Rural Telcos**

ITTA and USTelecom have filed a joint petition at the FCC requesting that model-based rate-of-return carriers be permitted to opt into existing price cap regulation governing business data services. In April 2017, the FCC released a report and Order deregulating BDS pricing rules for price cap carriers. These new rules specifically excluded model-based rate-of-return carriers. This means that model-based rate of return carriers must comply with legacy regulation for their BDS offerings.

According to the petition, the costs of complying with the legacy regulations outweighs the benefits of moving to model-based support for USF.

“Continued compliance with rate-of-return-based rate regulation, including tariffing, tariff review plans and associated requirements, entails significant costs that are increasingly difficult for model-based rate-of-return carriers to recover,” the groups said in their petition.

The groups asked that the FCC promptly initiate a new proceeding to consider a new rule applicable to model-based rate-of-return carriers. Under the rule proposed by ITTA and USTelecom, model-based rate-of-return carriers would have the option to put their BDS under price cap regulation.

In their petition, the groups argue that their proposed new rule would streamline regulations and better promote competition by taking further steps to implement incentive-based price cap regulation.

Consequently, the FCC would be promoting investment necessary to meet the modern communications needs of American businesses and other enterprises operating in rural America, they said.

The groups added that their proposal would cause no harm for consumers.

“Although model-based rate-of-return carriers tend to serve more rural markets subject to less competition for BDS than price cap carriers,” the groups said, “there is no reason to expect rural counties served by price cap carriers to differ from rural counties served by rate-of-return carriers with respect to the competitive environment.

“Therefore, the regulations applied to rural areas served by rate-of-return carriers would benefit from application of the same rules recently adopted for price cap carriers.”

## **Small Company Group Meets With Pai To Discuss USF, USAC**

An ex parte communication recently filed by the Small Company Coalition indicated that the group met with FCC Chairman Ajit Pai in mid-April to discuss issues the Coalition stated are of importance to small rural telecommunications companies. At the meeting the group stressed the “necessity” of raising the USF cap and concerns over the management of the Universal Service Administrative Company (USAC).

The Coalition said that USF payments were now nearly \$1.5 billion less than necessary for carriers to meet the universal service needs of rural America. They added that USAC’s own report on reserves indicates \$8 billion for the USF and Connect America Fund that could be better used by increasing USF payments to carriers or by reducing collections from end users.

The coalition also expressed concern over the audits conducted by USAC.

“Our experiences left us convinced that this process was fundamentally flawed both in the targeting and execution of the audits,” the group said. “In addition, our review of USAC’s financial statements and USF contribution processes revealed that the Commission and other stakeholders would be well-served by a fresh, detailed review in a formal setting.”

According to the group, the FCC and USAC have spent nearly \$250 million on the first three rounds of USAC audits of the High Cost Program, but only recovered \$8 million last year.

“Such a startling low recovery rate clearly demonstrates that USAC should dramatically revise their audit targeting,” the coalition said, “utilizing at a minimum the materiality threshold in accordance with generally accepted auditing standards.”

### ***In Brief ...***

- **FCC Seeks \$322 Million In Funding For FY 2018:** The FCC is seeking \$322 million in budget authority for FY 2018. This represents a 5.2 percent decrease in funding received for FY 2017. The

Commission is requesting \$111 million in budget authority for the spectrum auctions program, another five percent decrease from last year, and is projecting a 6.6 percent reduction in staffing for FY 2018 or a loss of about 102 full time staff.

- **Pai Appoints Wireline Bureau Chief:** FCC Chairman Ajit Pai has chosen Kris Anne Monteith to serve as chief of the FCC's Wireline Competition Bureau. Monteith has served as Acting Chief for the past several months since Pai assumed the Chairmanship. Monteith has previously held several senior leadership positions at the FCC over the last 20 years, including serving as acting chief of the Consumer and Governmental Affairs Bureau as well as chief of the Enforcement Bureau. Previously, she served as deputy chief in the Wireline Competition Bureau. She has been with the Commission since 1997.
- **U.S. House Measure Would Encourage Broadband Deployment On Federal Lands:** U.S. Representative Jared Huffman (D-CA) has introduced legislation that aims to support the siting of broadband infrastructure on or near federal lands. The legislation would allow federal land management agencies, such as the National Park Service and the Forest Service, to collect and retain fees to authorize land under jurisdiction for communications use through a right-of-way, permit, or lease. The bill would also establish a special Treasury account for each federal land management agency to deposit rental fees associated with communications use authorizations, and it would require the fees to be used for activities related to communication sites.
- **Indiana Governor Signs Rural Broadband Measure:** Indiana Governor Eric Holcomb signed into law a measure approved by the state legislature designed to speed broadband deployment in rural parts of the state. The law will require legislators to examine the state USF and how it could be used to expand broadband in rural Indiana. The new law also requires local governments in the state to develop a plan to increase the number of broadband subscribers in their area.
- **Consolidated Reaches Agreement With New Hampshire In FairPoint Deal:** Consolidated Communications has reached a settlement with the New Hampshire State Public Utilities Commission to win approval of its proposed purchase of FairPoint Communications. As part of the agreement, Consolidated would be required to make capital expenditures on the network valued at 13 percent of in-state revenues per year for 2018 through 2020. Consolidated also agreed to spend an additional \$1 million per year to address service quality issues, including high trouble report rates. Consolidated already has reached agreement with Maine regulators. FairPoint provides service in 17 states. The all stock deal is valued at \$1.5 billion.
- **Illinois Legislature Approves Bill To End Traditional Landline Service:** The Illinois State Legislature has approved a measure that would allow AT&T to disconnect its remaining 1.2 million landline telephone customers across the state pending approval by the FCC. AT&T has said it wants to invest more resources into its wireless and Internet-based phone networks. The measure also includes an increase in funding for statewide 911. The measure is strongly opposed by consumer

groups in the states, who are encouraging the governor to veto the legislation. AT&T has defended the measure saying its legacy phone services are now only one-tenth of the company's total revenue.

- **TPG To Buy Wave Broadband:** TPG Capital, a capital investment firm, has announced plans to purchase Seattle-based Wave Broadband in a deal valued at \$2.36 billion. Wave has about 138,000 video customers in the states of Washington and Oregon and overbuilds Comcast in parts of San Francisco. The transaction is expected to close in the fourth quarter of 2017. Wave will be combined with RCN, which also was recently purchased by TPG. Wave will continue to operate as a branded entity headquartered in Kirkland, Washington.
- **Tennessee Governor Signs New Broadband Measure To Boost Rural Deployment:** Tennessee Governor Bill Haslam signed the Tennessee Broadband Accessibility Act which allows the state's private, nonprofit electric cooperatives to provide retail broadband service. The measure also provides \$45 million over three years in grants and tax credits for service providers to assist in making broadband available to unserved homes and businesses, primarily in rural parts of the state. In addition, the legislation makes grant funding available to the state's local libraries to help residents improve their digital literacy skills and maximize the benefits of broadband. The state currently ranks 29<sup>th</sup> in the U.S. for broadband access with 34 percent of the state's residents lacking broadband access.
- **Trump Nominates Hill Staffer To Head NTIA:** President Donald Trump has indicated he plans to nominate David Redl to be the next administrator of the National Telecommunications and Information Administration (NTIA). Redl currently serves as the chief counsel of the U.S. House of Representatives Committee on Energy and Commerce. In that capacity he advises the Committee's Republicans on telecommunications and technology issues. Prior to working for the Committee, Redl was the director of regulatory affairs at CTIA. The U.S. Senate Committee on Commerce will hold a confirmation hearing on the nomination on June 8.
- **Ohio Report Concludes Rural Broadband Deployment Will Boost State Economy:** A report by the Ohio State University concluded that broadband access was severely lacking in the state's rural areas. The study also concluded that filling in these gaps would yield significant economic growth for the state. Nearly 31 percent of the population in rural parts of the state are without access to fixed broadband, the report said. The report adds that fixed broadband access is nearly universal in metropolitan areas of the state. More than 1 million residents lack access to fixed broadband in the state, according to the report. The report also concluded that rural broadband deployment lagged in Ohio compared to broadband deployment in rural areas of neighboring states. The report recommended the establishment of a state broadband office to coordinate deployment; the establishment of a broadband investment fund to finance infrastructure to reach unserved areas; and adoption of a "dig once" policy that would integrate broadband facilities into major construction projects in the state.

- **CenturyLink Names Next CEO:** CenturyLink has named Level 3 CEO Jeff Storey to become the company's next CEO when Glen Post retires in 2019. Storey, who is now the CEO of Level 3 Communications, will become President of CenturyLink when the two companies complete their merger later this year.
- **New Study Raises Questions About Viability Of Municipal Broadband:** A limited study by the University of Pennsylvania of 20 municipal broadband projects across the country indicates that the majority do not earn enough revenue to cover operating costs. Only two of the 20 networks examined would be expected to cover total projects costs over an estimated 30-40 years of "useful life." Five of the nine that would cover operating costs would take a century to recover those project costs, according to the report. The study identified 88 municipal broadband projects in all, but only 20 cities reported broadband financial information separate from electric power, so those were the 20 projects examined for the study. The study was criticized by the Coalition for Local Internet Choice which said the study was biased because it was financially supported by industry and based on inaccurate data and faulty assumptions.
- **Court Ruling Could Upend Sinclair Purchase Of Tribune TV Stations:** The D.C. Circuit Court of Appeals issued a stay last week to the FCC's decision to bring back the UHF discount, which eases restrictions on the amount of stations a media company can own. The stay will last through June 7 and then will be reviewed by a three judge panel. FCC regulations stipulate that no company can own stations whose reach extends to more than 39 percent of the U.S. The UHF discount approved by the FCC would allow companies to count only half of the UHF station reach towards the 39 percent. Sinclair and Tribune announced their deal shortly after the FCC reinstated the UHF discount in April.
- **FCC Releases Competitive Counties For BDS Broadband Market:** The FCC has released the list of counties it has deemed competitive for the purposes of deregulating the business data services (BDS) broadband market. Counties judged eligible for price deregulation include those with two providers or with nearby providers. The FCC noted that there had been no objections filed to publishing the list despite some concerns that releasing the list could reveal competitively sensitive information.

## ***What's Up...***

- The U.S. House of Representatives returns on June 6 from its Memorial Day recess. The U.S. Senate returns on June 5.
- The U.S. House of Representatives Energy and Commerce Committee has not scheduled any telecommunications-related hearings at this time.
- The U.S. Senate Committee on Commerce will hold a confirmation hearing on June 8 on the nomination of David Redl to be the new administrator of the NTIA.

- The next regularly scheduled public meeting of the FCC is set for June 22, 2017. The Commission will consider a Notice of Proposed Rulemaking (NPRM) to amend Emergency Alert System rules; a Report and Order establishing procedures and standards for states seeking to opt out of the First Net network; a Notice of Proposed Rulemaking to amend caller ID rules to allow disclosure of blocked caller ID information to aid law enforcement in investigating threatening calls; an Order and Declaratory ruling on One Web market access; a Notice of Inquiry related to competitive broadband access in multiple tenant environments; and a Notice of Proposed Rulemaking to modernize payphone compensation rules.

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Thomas M. Smith, Editor-in-Chief



**Small Company Coalition**  
*White Paper: Proper Funding of the Federal High Cost Programs*  
June 2017

**EXECUTIVE SUMMARY**

The Small Company Coalition (SCC) presents this White Paper to address the pressing need to fully fund the federal universal service high-cost programs applicable to rate-of-return (RoR) regulated carriers. The Federal Communications Commission (FCC) has, through several means, constrained the amount of support available to RoR carriers, none of which relate to the actual need of support for the purpose of building and maintaining world-class broadband networks. Instead, the FCC has adopted an artificial budget, based on the historical use and need of federal high-cost programs, to limit the overall amount of support available. As such, the mechanisms available to RoR carriers to foster broadband deployment and maintenance—i.e. the Alternative Connect America Model (ACAM) and the Connect America Fund Broadband Loop Support (CAF BLS), as well as High Cost Loop Support (HCLS) and Alaska Plan support – are insufficient to meet the needs expressed by the Commission-adopted calculations.

This SCC-sponsored review demonstrates that the artificial constraints placed on the RoR high cost mechanisms are needlessly harming the ability of carriers to deploy broadband, especially considering the collection and maintenance of significant CAF reserves. Such reserves could help reduce costs associated with maintaining integrity in the USF and the savings could be better used to help fund the RoR mechanisms. Consequently, the SCC concludes that the FCC must move towards fully funding the RoR high cost mechanisms through the steps outlined in this report.

*About The Small Company Coalition.* The SCC is an alliance of rural telecommunications and broadband providers as well as supporting vendor companies, formed to educate and empower small rural ILECs to work with regulators and legislators to eliminate or modify harmful laws or regulations. We endeavor to influence and revise regulations and legislation that impede our ability to provide advanced telecommunications service to the customers and communities we serve. The SCC, which is an initiative led by small company executives, strives to ensure that the voice of small companies is heard by those who have a genuine interest in protecting and enhancing the communication service needs of rural Americans.

**I. THE STATE OF THE RATE OF RETURN HIGH COST SUPPORT MECHANISMS**

The federal high cost support mechanisms available to RoR carriers are: (1) the ACAM program, which is based on an already-awarded fixed amount of support paid out over ten years; (2) the “legacy” mechanisms, consisting of CAF BLS and HCLS; and (3) Alaska Plan support. Currently, the federal programs’ budgets are as follows<sup>1</sup>:

*Table 1 – High Cost Support*

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<sup>1</sup> Source: USAC 3Q2017 Filing

Program	3Q17 Budget (Millions)	Annualized (Millions)
HCLS	\$ 125.65	\$ 502.60
CAF BLS	\$ 186.12	\$ 744.48
ACAM	\$ 138.95	\$ 555.80
AK Plan*	\$ 13.50	\$ 54.00
Total	\$ 464.22	\$ 1,856.88

\* RLEC portion only

The amounts shown in Table 1 reflect capped amounts for each of the programs. In the HCLS program, there are multiple capping mechanisms: (1) the indexed cap; and (2) the overall budget control mechanism adopted by the FCC. The CAF BLS is also limited by the FCC's overall budget control mechanism. ACAM support was limited by operation of parameters within the model itself, such as lowering the per-location limit on support. In total, the SCC estimates these budget constraints result in \$1.460 billion of reduced support, broken down as follows:

Table 2 – Federal High Cost Support Limitations<sup>2</sup>

Program	Capped	Uncapped	Reduction	Annualized
HCLS - Indexed Cap	\$ 704.12	\$ 1,922.12	\$ 1,218.00	\$ 1,218.00
CAF BLS/HCLS Budget Control	\$ 799.78	\$ 879.52	\$ 79.74	\$ 159.48
ACAM	\$ 555.80	\$ 638.00	\$ 82.20	\$ 82.20
Total	\$ 2,059.70	\$ 3,439.64	\$ 1,379.94	\$ 1,459.68

The Commission established an overall budget for the RoR high cost support mechanisms at \$2 billion, which is based on support levels paid to such carriers in 2011.<sup>3</sup> This support level does not take into account more recent Commission decisions to, for example, increase the minimum broadband speeds (10/1 mbps) or change the definition of advanced services (to 25/3 mbps). It also fails to take into account any increase that would be needed as a result of inflation. The legacy support level also includes a now non-existent mechanism, Interstate Common Line Support or ICLS, but not the mechanism the Commission adopted to directly address the provision of broadband services (CAF BLS). To the SCC's knowledge, no effort has been made to perform a bottom-up calculation of support requirements, and instead the fate of broadband availability in rural America rests on a top-down allocation of already inadequate resources.

## II. THE ROR SUPPORT MECHANISMS SHOULD BE FULLY FUNDED

As stated above, the current overall RoR carrier high cost support budget of \$2 billion is based on support levels that existed in 2011 with the adoption of the *USF/ICC Transformation Order*. At that time, HCLS, ICLS, and local switching support (LSS) made up the bulk of the RoR mechanism. Since then, LSS has been eliminated and replaced by CAF Inter-carrier Compensation support (CAF ICC), and ICLS has been replaced and in most ways enhanced by CAF BLS. However, with the release of the *USF/ICC Transformation Order* and subsequent decisions, the Commission's focus has been almost entirely on the availability and affordability of broadband services.

<sup>2</sup> HCLS Indexed Cap – NECA Overview and Analysis of 2016 USF Data Submission, September 30, 2016; CAF BLS/HCLS Budget Control – USAC 3Q2017 FCC Filing, Appendix HC15; ACAM – USAC 3Q2017 FCC Filing, Appendix M02 and Comments of WTA – Advocates for Rural Broadband, filed February 13, 2017 in WC Docket No. 10-90 at p. 5

<sup>3</sup> *USF/ICC Transformation Order*, FCC 11-161 (rel. Nov. 18, 2011) at 126



As stated above, the FCC has increased the threshold broadband speed to be provided for support eligibility, and has increased the speed related to the definition of advanced telecommunications services pursuant to Section 706 of the Act. Even with these changes, and the fact that the total RoR support level is based on USF distributed in 2011, the overall budget has not increased. This has, in part, led to the unfunded support mechanisms noted above in *Table 2*.

While RoR RLECs have done an admirable job in building and maintaining state-of-the-art broadband networks, more effort, investment, operations, and maintenance are necessary to reach the FCC's current 25/3 mbps goal for the United States. Table 3, from the FCC's most recent Broadband Progress Report, shows that 39% of Americans living in rural areas do not have access to 25/3 mbps broadband internet access services (BIAS). This ratio increases dramatically, to 68%, for Americans living in rural Tribal areas.

*Table 3 – Americans Without Access to Fixed Advanced Telecommunications Capability (25/3 mbps)*

	Population (millions)	Percentage of Population
United States	33.982	10%
Rural Areas	23.430	39%
Urban Areas	10.552	4%
Tribal Lands	1.574	41%
Rural Areas	1.291	68%
Urban Areas	0.283	14%
U.S. Territories	2.628	66%
Rural Areas	1.078	98%
Urban Areas	1.550	54%

Typically, the last customers to receive BIAS of 25/3 mbps magnitude are the most expensive to serve, a fact recognized by the FCC in numerous instances.<sup>4</sup> Thus, it makes little to no sense to (1) establish a budget based on 2011 support payouts, and (2) not determine, from the bottom up, exactly what it will cost to reach the FCC's goals for universal broadband services.

Compounding this problem is the FCC's refusal to fully fund the need for support identified by its own current formulas. As shown above, each of the FCC's high cost support mechanisms for RoR carriers is in some way constrained. The SCC suggests a necessary start to this process is for the FCC to fully fund the RoR high cost support mechanisms currently in place. The formulas inherent in these mechanisms have undergone substantial public scrutiny, FCC adoptions, and in many cases legal reviews. It is now time to trust that the calculations adopted via the FCC's process work and are worthy of full funding.

### III. CURRENT UNIVERSAL SERVICE FUND RESERVES

The SCC has reviewed publicly-available data regarding the financial status of the FCC's universal service fund programs. This data includes Universal Service Administrative Company (USAC) annual reports, FCC filings, and other information; National Exchange Carrier Association (NECA) data; and information generated by the FCC, including various reports, orders, and comments filed in proceedings. From this data, the SCC concludes that ample resources

<sup>4</sup> See e.g., *RoR USF Reform Order* (FCC 16-33, rel Mar. 30, 2016) at 172

exist to at least better fund the RoR high cost mechanisms, if not fully fund them as the SCC recommends.

### A. CAF Reserves

In the *USF/ICC Transformation Order*, the Commission adopted changes to the way the USF is funded. First, the way excess contributions (i.e., USF contributions in excess of USF demand) were handled was changed to allow, in addition to requiring USAC to carry such excess contributions forward, the FCC to utilize them in other ways.<sup>5</sup> Second, and in recognition of the newly established \$4.5 billion overall budget for the high-cost support programs, the FCC established the CAF Reserve, where USAC is required to forecast no less than \$1.125 billion in quarterly USF demand (1/4 of the annual budget). In quarters where demand is less than \$1.125 billion, the difference is added to the CAF Reserve. In quarters where demand is greater than \$1.125 billion, the CAF Reserve is to be utilized in order to keep the USF contribution percentage from wildly fluctuating.<sup>6</sup> The FCC later ordered the CAF Reserve to be transferred to the high cost account.<sup>7</sup>

USAC has aggregated nearly \$2 billion in CAF Reserves since 2012, and has obligated \$200 million per year for the voluntary model-based support path for RoR carriers (\$2.0 billion over 10 years). The annual breakdown is as follows:

Table 4 – CAF Reserves<sup>8</sup>

CAF Reserves (\$millions)				
Period	Beginning Balance	Additions	Disbursements	Ending Balance
2012	\$ 524.32	\$ 467.70	\$ (105.20)	\$ 886.82
2013	\$ 886.82	\$ 680.56	\$ (365.06)	\$ 1,202.32
2014	\$ 1,202.32	\$ 780.90	\$ (34.80)	\$ 1,948.42
2015	\$ 1,948.42	\$ 657.02	\$ (593.67)	\$ 2,011.77
2016	\$ 2,011.77	\$ 489.54	\$ (477.83)	\$ 2,023.48
1Q2017	\$ 2,023.48	\$ 85.47	\$ (103.36)	\$ 2,005.59
2Q2017	\$ 2,005.59	\$ 36.87	\$ (136.69)	\$ 1,905.77
3Q2017	\$ 1,905.77	\$ 33.04	\$ (96.02)	\$ 1,842.79

### B. USAC Financials

USAC issues a financial report each year that shows the activity undertaken regarding its responsibility in overseeing the federal universal service programs. The reports provide an overview of USAC's activity during the year and include certain financial statements, statistics, a management discussion of results, and an independent auditor's report.

According to the SCC's analysis, USAC's financials show substantial accumulated assets that appear to largely be attributable and/or assigned to the Schools and Libraries program. Of the total "Assets Held for the Federal USF" amount shown on USAC's schedule of assets, 60% is assigned to the Schools and Libraries program. Following is a brief summary:

<sup>5</sup> *USF/ICC Transformation Order* at 548

<sup>6</sup> *Id.*, at 559-563

<sup>7</sup> *RoR USF Reform Order*

<sup>8</sup> USAC 3Q2017 quarterly filing to the FCC, Fund Size Projection Summary, p. 11-12

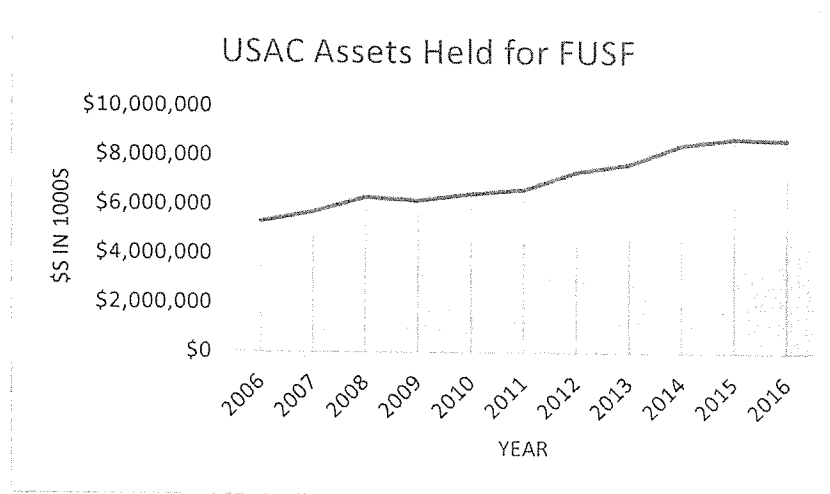
Table 5 – USAC 2016 Schedule of Assets (\$ in 1000s)<sup>9</sup>

Description	S&L	High Cost	Lifeline	RHC	Common	Total
Cash and Equiv.	\$ (1,041,006)	\$ 2,216,210	\$ 65,833	\$ 443,489	\$ -	\$ 1,684,526
Investments	\$ 6,249,790	\$ -	\$ -	\$ -	\$ -	\$ 6,249,790
Receivables	\$ 134,424	\$ 37,424	\$ 35,748	\$ 578	\$ 881,873	\$ 1,090,047
Allowance	\$ (130,543)	\$ (36,710)	\$ (14,149)	\$ (570)	\$ (175,317)	\$ (357,289)
Interest Rec.	\$ -	\$ -	\$ -	\$ -	\$ 14,499	\$ 14,499
Total	\$ 5,212,665	\$ 2,216,924	\$ 87,432	\$ 443,497	\$ 721,055	\$ 8,681,573
Percent of Total	60%	26%	1%	5%	8%	100%

The audit report, Note 3, provides the following explanation for these assets:

3. *Activities Related to the Federal USF.* As described in Note 1, the cash and other financial assets of the USF, which USAC administers and acts as an intermediary for, are reported at fair value in the Statements of Financial Position as assets held for the Federal USF, with an equal amount recorded as liabilities related to assets held for the Federal USF. The summary of assets applicable to the USF included below provides additional detail with respect to these amounts.

Over time, as shown in the chart below, the balance in total assets held for the Federal USF has grown substantially.<sup>10</sup>



The SCC is aware of the Antideficiency Act (ADA) and its possible impacts on the federal USF.<sup>11</sup> The ADA helps ensure that the United States government does not incur obligations in excess of the ability to meet those obligations in terms of available appropriations or funds, and the USF has been determined to be subject to the ADA.<sup>12</sup> For example, in the E-Rate program the issuance of Funding Commitment Decision Letters (FCDL) consists of obligations under the ADA and thus must be accounted for consistently with governmental generally accepted accounting principles.<sup>13</sup> However, the USF was exempted from the ADA's requirement by Congress through

<sup>9</sup> 2016 USAC Annual Report, at p. 28

<sup>10</sup> USAC Annual Reports

<sup>11</sup> Pub.L. 97-258, 96 Stat. 923

<sup>12</sup> See e.g., United States Government Accountability Office "Application of the Antideficiency Act and Other Fiscal Controls to FCC's E-Rate Program", GAO-05-546T (April 11, 2005)

<sup>13</sup> See *In the Matter of Application of Generally Accepted Accounting Principles for Federal Agencies and Generally Accepted Government Auditing Standards to the Universal Service Fund*, Order, CC Docket No. 96-45 (rel. Oct. 3, 2003; FCC 03-232)

December 31, 2017.<sup>14</sup> Assuming the assets held for the USF are related to USAC's efforts to comply with possible future application of the ADA, but given the growth reflected above and the fact that the USF has been exempted until the end of 2017, the SCC believes a detailed review of these investment amounts is warranted.

### C. Excess Resources Should be Used to Fully Fund RoR USF Programs

Based on the above discussion, the SCC strongly urges the FCC to review USAC's financial position, especially as they relate to the "Assets Held for Federal USF," and determine whether, as the SCC suspects, this represents a severe overfunding of the USF program. Should the FCC find that the investments held for federal USF represent an excess reserve, then the SCC recommends the FCC expeditiously move to reallocate those funds to either (1) reduce the federal universal service charge, or (2) more fully fund the RoR USF mechanisms. Furthermore, the SCC recommends the FCC utilize all or a portion of the uncommitted CAF Reserves to help fully fund the RoR USF mechanisms.<sup>15</sup>

## IV. UNIVERSAL SERVICE PROGRAM-RELATED AUDITS

The FCC, with assistance from USAC, has enacted various audit and review processes in relation to payments made from the federal universal service programs. These processes include the FCC's Office of Inspector General (OIG) audits, USAC's Beneficiary and Contributor Audit Program (BCAP), and USAC's Payment Quality Assurance (PQA) program. The SCC's members and numerous other RoR carriers have been subject to one or more of these reviews, and the overall experience has been one of inefficiency, repetition, frustration, and sometimes interminable length.

According to the FCC's latest data, the review processes resulted in 158 audits with a total of \$8,044,263 in estimated overpayment recovery. Below is the summary provided by the FCC for 2016:

Table 6 – FCC 2016 Payment Recovery<sup>16</sup>

Program or Activity	# Audits	# of Audits with Overpayments	Estimated Recovery
USF-HC	46	29	\$1,456,833
USF-S&L	81	32	\$6,503,946
USF-LL	16	4	\$4,504
USF-RHC	15	3	\$78,980
<b>Total</b>	<b>158</b>	<b>68</b>	<b>\$8,044,263</b>

Based on the above data, the FCC's high cost program review processes resulted in a recovery of \$50,913 in payment recovery per audit. The SCC asserts the cost of the audit programs is not worth the payments recovered. For example, recent information obtained by the SCC reveals a total contract award of \$99.8 million for eight awardees to perform USAC's BCAP audits. The apparent term for this contract is four years, or approximately \$25 million per year. Even if all of the 2016 estimated recovery reflected in Table 6 is attributed to the BCAP audits, the benefit related to this use of federal universal service funds is a difficult, if not impossible, case to make.

<sup>14</sup> USAC 3Q2017 Fund Size Projection Summary at p. 72

<sup>15</sup> In addition to the additional ACAM funding committed by the FCC, the SCC also recognizes the open issues surrounding the National Tribal Telecommunications Association's Tribal Broadband Factor (TBF) proposal. It is the SCC's understanding that NTTA is requesting funding from the CAF Reserves for the TBF.

<sup>16</sup> 2016 FCC Agency Financial Report

Instead of continuing an obviously inefficient and cost ineffective audit process, the SCC recommends the FCC heed its own advice and pay further attention to materiality concerns. In its recent Report and Order addressing the comprehensive review of the Part 32 Uniform System of Accounts, the FCC stated:

“We also agree with Alexicon that ‘it would be beneficial to NECA and its pool members if the Commission adopted a definition of materiality that provided guidance related to NECA’s review procedures.’ Indeed, more particular guidance may be especially important for carriers receiving legacy universal service support because federal support is tied to the reported cost of such carriers. We adopt the general materiality guidelines promulgated by the Auditing Standards Board.”<sup>17</sup>

The SCC suggests a similar approach to ensuring the proper use of federal high cost support funds. For example, the FCC could rely on independent auditors for testing compliance with certain USF rules and reporting results. Furthermore, the FCC should make more efforts to identify high risk or known “bad actors” for audits and further review, instead of undergoing costly audits of the smallest companies with little or no chance for material recovery (due to the relatively small amount of support received, unless foul play is detected). To this end, the FCC and USAC must develop, via an orderly and public process, methods to identify the highest audit risks (in terms of likelihood of material repayment of funds) so that audit resources can be most efficiently expended.

### CONCLUSION

The SCC appreciates the effort over the years that Congress, the FCC, and other stakeholders have expended in implementing, revising, and executing the federal universal service support programs. It is nothing less than a herculean effort on the part of all involved to maintain a functioning program, all while the industry changes at a rapid pace. However, the SCC suggests it is time for the FCC to recognize the very basic issues discussed in this report – that the high cost mechanisms identify support needed for broadband network deployment and maintenance in rural areas, but that artificial constraints are keeping these programs from full effectiveness.

The SCC strongly urges the FCC to consider steps to fully fund the RoR high cost support mechanisms by carefully reviewing, in a public fashion, the financial accounts maintained by USAC and to revisit the FCC’s policies on fund reserves. Based on the SCC’s analysis, substantial resources appear to exist to more fully fund the RoR high cost programs.

Finally, the SCC strongly urges the FCC to review and revise the audit and review process currently in place and executed by the OIG and USAC. The SCC believes there are substantial inefficiencies inherent in the process that lead to unnecessary costs being passed to the program, RoR carriers, and ultimately the customers themselves.

### **The Small Company Coalition**

*Executive Committee*

James J. Kail

Godfrey Enjady

Glenn Lovelace

June 7, 2017

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<sup>17</sup> *In the Matter of Comprehensive Review of the Part 32 Uniform System of Accounts*, Report and Order (FCC 17-15), WC Docket No. 14-130 (rel. February 24, 2017) at 26



## Request Details

Tracking Number : FCC-2017-000731

Submitted Date : 06/08/2017

Requester : Cecilia Kang

Perfected Date : 06/09/2017

Organization : New York Times

Last Assigned Date : 06/13/2017

Requester Has Account : Yes

Fee Limit : \$25.00

Email Address : cecilia.kang@nytimes.com

Request Track : Expedited

Phone Number : (b) (6)

Due Date : 07/10/2017

Fax Number : N/A

Assigned To : (b) (6) (Office of General Counsel)

Address : 1627 I Street NW, Suite 700

Last Assigned By : (b) (6) (Office of General Counsel)

City : Washington

State/Province : DC

Zip Code/Postal Code : 20006

Submission Details

Case File

Admin Cost

Assigned Tasks

Comments (0)

Review

## Request Handling

Requester Info Available to No  
the Public :

Request Perfected : Yes

Request Track : Expedited

Perfected Date : 06/09/2017

Fee Category : Media/Educational

Acknowledgement Sent Date:

Fee Waiver Requested: Yes

Unusual Circumstances ? : No

Fee Waiver Status: Not Billable

Litigation : No

Expedited Processing Yes

Requested :

Expedited Processing Status : Grant

## Request Description

Short Description : Access to the communications between F.C.C. Chairman and top staff

Under the Freedom of Information Act, 5 U.S.C subsection 552, I am requesting access to the communications between F.C.C. Chairman and former Commissioner Ajit Pai and top staff, including Matthew Berry, Nicholas Degani, Nathan Leamer, Kim Mattos and Alison Nemeth from May 1, 2012 to the present with Gordon Smith, Dennis Wharton and other officials at the National Association of Broadcasters with the email protocol "xxx@nab.org". I would like to correspondence relate to the following search terms: "Sinclair" or "UHF Discount" or "Main Studio" or "Media Ownership" or "ATSC" or "JSA" or "Joint Sales Agreement." (Please include attachments)

Description Available to the No  
Public :

Has Description Been Yes  
Modified?

555/2000

I am requesting access to the communications between F.C.C. Chairman and former Commissioner Ajit Pai and top staff, including Matthew Berry, Nicholas Degani, Nathan Leamer, Kim Mattos and Alison Nemeth from May 1, 2012 to the present with Gordon Smith, Dennis Wharton and other officials at the National Association of Broadcasters with the email protocol "xxx@nab.org". I would like to correspondence relate to the following search terms: "Sinclair" or "UHF Discount" or "Main Studio" or "Media Ownership" or "ATSC" or "JSA" or "Joint Sales Agreement."


## Additional Information

Key Words or Phrases : ^Ajit Pai

## Attached Supporting Files

## Attached Supporting Files

Attachments Available to the No  
Public :

Attached File	Type	Size (MB)	Remove
<a href="#">HANDLING EXPEDITED PROCESSING REQUESTS docx</a>	Microsoft Word	0.01	



Federal Communications Commission  
Washington, D.C. 20554

June 30, 2017

Ms. Cecilia Kang  
New York Times  
1627 I Street, NW, Suite 700  
Washington, D.C. 20006  
cecilia.kang@nytimes.com

Re: FOIA Control No. 2017-000731

Dear Ms. Kang:

This letter responds to your Freedom of Information Act (FOIA) request filed on June 9, 2017 (*FOIA Request*), seeking "communications [and associated attachments] between F.C.C. Chairman and former Commissioner Ajit Pai and top staff, including Matthew Berry, Nicholas Degani, Nathan Leamer, Kim Mattos and Alison Nemeth from May 1, 2012 to . . . [June 9, 2017,] with Gordon Smith, Dennis Wharton and other officials at the National Association of Broadcasters with the email protocol [*sic*] 'xxx@nab.org' . . . [that include] the following search terms: 'Sinclair' or 'UHF Discount' or 'Main Studio' or 'Media Ownership' or 'ATSC' or 'JSA' or 'Joint Sales Agreement.'"<sup>1</sup> We granted your request for expedited processing of your FOIA request.<sup>2</sup>

We searched the records of the office of Chairman Pai and we located 19 pages of documents responsive to your request which we release here in full.

Pursuant to section 0.466(a)(5)-(7) of the Commission's rules, you have been classified for fee purposes as category (2), "educational requesters, non-commercial scientific organizations, or representatives of the news media."<sup>3</sup> As an "educational requester, non-commercial scientific organization, or representative of the news media, the Commission assesses charges to recover the cost of reproducing the records requested, excluding the cost of reproducing the first 100 pages. We did not reproduce any records and you will therefore not be charged any fees.

You have requested a fee waiver pursuant to section 0.470(e) of the Commission's rules.<sup>4</sup> As you are not required to pay any fees in relation to your FOIA request, the Office of the General Counsel, which reviews such requests, does not make a determination on your request for a fee waiver.<sup>5</sup>

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<sup>1</sup> See *FOIA Request 2017-731* (submitted June 8, 2017, and perfected June 9, 2017).

<sup>2</sup> See letter from Joanne Wall to Cecilia Kang (June 13, 2017).

<sup>3</sup> 47 C.F.R. § 0.466(a)(5)-(7).

<sup>4</sup> 47 C.F.R. § 0.470(e).

<sup>5</sup> 47 C.F.R. § 0.470(e)(5).



If you consider this to be a denial of your FOIA request, you may seek review by filing an application for review with the Office of General Counsel. An application for review must be *received* by the Commission within 90 calendar days of the date of this letter.<sup>6</sup> You may file an application for review by mailing the application to the Federal Communications Commission, Office of General Counsel, 445 12<sup>th</sup> St. SW, Washington, DC 20554, or you may file your application for review electronically by e-mailing it to FOIA-Appeal@fcc.gov. Please caption the envelope (or subject line, if via e-mail) and the application itself as “Review of Freedom of Information Action.”

If you would like to discuss this response before filing an application for review to attempt to resolve your dispute without going through the appeals process, you may contact the Commission’s FOIA Public Liaison for assistance at:

FOIA Public Liaison  
Federal Communications Commission, Office of the Managing Director,  
Performance Evaluation and Records Management  
445 12<sup>th</sup> St., SW, Washington, DC 20554  
FOIA-Public-Liaison@fcc.gov

If you are unable to resolve your FOIA dispute through the Commission’s FOIA Public Liaison, the Office of Government Information Services (OGIS), the Federal

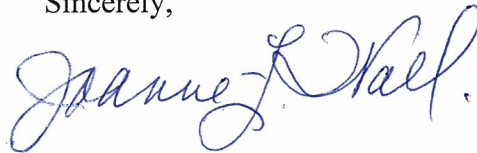
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<sup>6</sup> See 47 C.F.R. §§ 0.461(j), 1.115; 47 C.F.R. § 1.7 (documents are considered filed with the Commission upon their receipt at the location designated by the Commission).

FOIA Ombudsman's office, offers mediation services to help resolve disputes between FOIA requesters and Federal agencies. The contact information for OGIS is:

Office of Government Information Services  
National Archives and Records Administration  
8601 Adelphi Road-OGIS  
College Park, MD 20740-6001  
202-741-5770  
877-684-6448  
ogis@nara.gov  
ogis.archives.gov

Sincerely,



Joanne F. Wall  
Attorney Advisor  
Office of General Counsel

cc: FOIA Officer

## Joanne Wall

---

**From:** Kaplan, Rick <rkaplan@nab.org>  
**Sent:** Thursday, March 20, 2014 1:39 PM  
**To:** Matthew Berry  
**Subject:** FW: Ex Parte Notice for Letter to Clyburn from Senator Smith...  
**Attachments:** CoverClyburnGHSExParte032014.pdf

Here you go...

---

**From:** Geissinger, Jake  
**Sent:** Thursday, March 20, 2014 1:37 PM  
**To:** Ahmed, Zamir; Cole, Kelly; Foley, Leigh; Kaplan, Rick; Mago, Jane; McFadden, Patrick; Ornelas, Chris; Timmerman, Jerianne; Wharton, Dennis  
**Cc:** Dozier, Erin  
**Subject:** Ex Parte Notice for Letter to Clyburn from Senator Smith...

Filed today with the FCC through ECFS.

Jake

### Michael "Jake" Geissinger

Director of Operations, Legal and Regulatory Affairs

National Association of Broadcasters  
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Phone 202 429 5462  
Fax 202 775 3526  
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March 20, 2014

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Re: Ex Parte Communication in MB Docket Nos. 09-182, 07-294, 04-256

Dear Ms. Dortch:

The attached letter from Senator Gordon Smith, President and CEO of the National Association of Broadcasters, was sent earlier today to Commissioner Mignon Clyburn and is being filed for inclusion in the record in the above-referenced proceedings.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jane Mago", with a stylized, cursive script.

Jane Mago  
Executive Vice President & General Counsel  
National Association of Broadcasters

cc: Chairman Wheeler, Commissioner Clyburn, Commissioner Rosenworcel,  
Commissioner Pai, Commissioner O'Rielly, Phil Verveer, Maria Kirby, Adonis  
Hoffman, Clint Odom, Matthew Berry, Courtney Reinhard, Jonathan Sallet,  
William Lake

1771 N Street NW  
Washington DC 20036 2800  
Phone 202 429 5300

The Honorable Gordon M. Smith  
President and CEO



March 20, 2014

The Honorable Mignon Clyburn  
Commissioner  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Dear Commissioner Clyburn,

Thank you again for taking the time last week to talk with me about NAB's concerns with the current proposal before the Commission to declare that *all* same-market television joint sales agreements (JSAs) for more than 15% of advertising time attributable for purposes of the broadcast ownership rules. As we discussed, NAB believes that this proposal is unnecessary and will affirmatively undermine the public interest.

NAB and numerous individual broadcasters have demonstrated on the record that many sharing agreements have demonstrable benefits for the American people. Those benefits will be sacrificed if the current proposal is adopted. Early discussion of this proposal, along with the unexpected announcement of new "processing guidelines" for television assignment and transfer applications that require additional scrutiny for any sharing arrangement, have already had a significant negative impact on broadcast investment. Without investment and the economies of scale that flow from sharing arrangements, services and opportunities will be lost.

We appreciate your desire to find a balance between the Commission's concerns about *de facto* control and the fact that many existing and potential JSAs lead and will lead to increased diversity and localism. To this end, NAB has developed a compromise approach that would address the *de facto* control issue raised by the Chairman and the Media Bureau while maintaining the particular public interest benefits flowing from JSAs. Specifically, we propose that the Commission should create an exemption from JSA attribution and processing guidelines that would permit broadcasters to continue operating pursuant to existing JSAs – and enter into new JSAs – provided that they disclose all arrangements to the FCC and

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[www.nab.org](http://www.nab.org)

satisfy the criteria below. A waiver policy will not strike the appropriate balance, as a reliance on waivers creates far too much uncertainty due both to their arbitrary nature and the Commission's complete discretion as to whether to act on them at all.

#### I. Meet Standards that Establish Licensee Control of Programming, Personnel and Finances

- Licensee must control at least 85% of programming.
- Licensee must retain at least 70% of net advertising revenue (i.e., sales agent may obtain a commission no greater than 30% of the net advertising revenue of the other station).
- Licensee must retain ultimate control over rates charged for advertising.
- Licensee must retain option to hire its own advertising sales staff or retain other sales services (non-exclusivity).

#### II. Demonstrate Public Interest Benefits

Parties must demonstrate clear and specific public interest benefits, including but not limited to one or more of the following:

- promotion of localism through provision of local news, weather and emergency information, public affairs, sports, and/or entertainment programming;
- promotion of diversity by expanding ownership opportunities for new entrants, including women and minorities, in broadcasting;
- provision of programming (whether local, regional or national) intended to serve traditionally underserved or niche audiences, such as racial and ethnic minorities, foreign language speakers, children, older persons and/or religious groups;
- making possible capital investments and technical improvements that improve service;
- enabling one or both stations to provide additional and/or innovative services, such as multicasting, mobile or online;
- aiding a financially struggling station, preventing lay-offs of personnel, particularly news staff, or imminent cut-backs in local programming and service; and/or
- such other unique public interest benefits identified by JSA participants and approved by the Commission.

The Commission can establish an enforcement mechanism and deadlines to ensure that specified benefits are delivered to the public, and require the attribution of JSAs that do not comply with applicable standards.

I look forward to working with you on this important effort.

Sincerely,

A handwritten signature in black ink, appearing to read "G. H. Smith". The signature is fluid and cursive, with a prominent "G" and "S".

Gordon H. Smith

## Joanne Wall

---

**From:** Geissinger, Jake <MGeissinger@nab.org>  
**Sent:** Thursday, March 20, 2014 1:46 PM  
**To:** Tom Wheeler; Mignon Clyburn; Jessica Rosenworcel; Ajit Pai; Mike O'Rielly; Philip Verveer; Maria Kirby; Adonis Hoffman; Clint Odom; Matthew Berry; Courtney Reinhard; Jonathan Sallet; William Lake  
**Cc:** Dozier, Erin  
**Subject:** RE: Ex Parte Notice of Letter from Senator Gordon Smith to Commissioner Mignon Clyburn...  
**Attachments:** CoverClyburnGHSExParte032014.pdf

Please pardon the lack of attachment. Here is the mentioned file.

Jake

---

**From:** Geissinger, Jake  
**Sent:** Thursday, March 20, 2014 1:45 PM  
**To:** 'tom.wheeler@fcc.gov'; Mignon Clyburn (mignon.clyburn@fcc.gov); 'jessica.rosenworcel@fcc.gov'; 'ajit.pai@fcc.gov'; 'mike.o'rielly@fcc.gov'; philip.verveer@fcc.gov; 'maria.kirby@fcc.gov'; adonis.hoffman@fcc.gov; 'clint.odom@fcc.gov'; matthew.berry@fcc.gov; 'courtney.reinhard@fcc.gov'; 'jonathan.sallet@fcc.gov'; 'william.lake@fcc.gov'  
**Cc:** Dozier, Erin  
**Subject:** Ex Parte Notice of Letter from Senator Gordon Smith to Commissioner Mignon Clyburn...

Attached please find the document filed with the FCC through ECFS.

Jake

### Michael "Jake" Geissinger

Director of Operations, Legal and Regulatory Affairs

National Association of Broadcasters  
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## Joanne Wall

---

**From:** Geissinger, Jake <MGeissinger@nab.org>  
**Sent:** Tuesday, March 18, 2014 12:39 PM  
**To:** Maria Kirby; Adonis Hoffman; Clint Odom; Matthew Berry; Courtney Reinhard; Philip Verveer  
**Cc:** Timmerman, Jerianne; Mago, Jane  
**Subject:** NAB Joint Sales Agreements Ex Parte Letter filed...  
**Attachments:** JSA-SSAExParte031814.pdf

Attached please find NAB's Ex Parte letter filed today with the FCC through ECFS.

Jake

### Michael "Jake" Geissinger

Director of Operations, Legal and Regulatory Affairs

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Washington DC 20036  
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**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
2010 Quadrennial Regulatory Review – Review	)	MB Docket No. 09-182
of the Commission’s Broadcast Ownership Rules	)	
and Other Rules Adopted Pursuant to Section	)	
202 of the Telecommunications Act of 1996	)	
	)	
Promoting Diversification of Ownership	)	MB Docket No. 07-294
in the Broadcasting Services	)	
	)	
Rules and Policies Concerning	)	MB Docket No. 04-256
Attribution of Joint Sales Agreements	)	
in Local Television Markets	)	

***Ex Parte* Submission of the National Association of Broadcasters**

Joshua H. Soven  
Gibson, Dunn & Crutcher LLP  
1050 Connecticut Avenue, NW  
Washington, DC 20036  
(202) 955-8503

Jane E. Mago  
Jerianne Timmerman  
NATIONAL ASSOCIATION OF  
BROADCASTERS  
1771 N Street, NW  
Washington, DC 20036  
(202) 429-5430

The National Association of Broadcasters (“NAB”) submits this comment in response to the February 20, 2014 *ex parte* submission by the Antitrust Division of the U.S. Department of Justice (the “Department”) in connection with the potential revision of the ownership attribution rules as they relate to television joint sales agreements (“JSAs”).<sup>1</sup> Without providing any (1) direct evidence that the long-standing ownership attribution rule for television JSAs negatively affects consumers or the public interest or (2) cost-benefit analysis of its proposed rule change, the Department nonetheless urges the Commission to change established Commission policy and adopt a bright-line rule that would “treat *any* two stations participating in a JSA (or agreement similar in substance to a JSA) as under common ownership.”<sup>2</sup> The Department’s reasoning is flawed, and its proposal would harm consumers and the public interest.

First, and critically, the Department does not dispute that limiting the number of JSAs would reduce the amount and diversity of television stations and content available to consumers. As NAB has explained in detail previously, JSAs have become vital to local station operations because television broadcasting generally and local news production specifically are subject to substantial economies of both scale and scope.<sup>3</sup> Scale economies arise from the need for large capital investments in broadcasting equipment, production facilities, and spectrum licenses, and from the “first copy”

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<sup>1</sup> *Ex Parte* Submission of the United States Department of Justice, *2010 Quadrennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996* (Feb. 20, 2014) (hereinafter “DOJ Submission”), available at <http://www.justice.gov/atr/public/comments/303880.pdf>.

<sup>2</sup> *Id.* at 2 (emphasis added).

<sup>3</sup> J.A. Eisenach and K.W. Caves, *The Effects of Regulation on Economies of Scale and Scope in TV Broadcasting* (2011) at 2 (“Economies of Scale Report”), Attachment A to Reply Decl. of J.A. Eisenach and K.W. Caves (June 27, 2011) in NAB Reply Comments in MB Docket No. 10-71, at Appendix A (June 27, 2011), incorporated in MB Docket 09-182 by reference in NAB Comments in that docket, filed Mar. 12, 2012.

property generally associated with intellectual property (e.g., the fact that the “first copy” of a news or entertainment program is expensive to produce, but distribution to additional users is essentially costless). Economies of scope arise from the use of assets to create multiple products (e.g., a single transmitter and antenna tower can broadcast multiple digital video streams over a single six MHz television channel; a single reporter can be assigned to cover a story for both the nightly news and the TV station’s web page).

The Department does not dispute that these economies of scale and scope allow broadcasters to:

- develop a wide range of informational and other public interest programming, including increased local news;
- offer consumers more diverse content, including programming serving niche audiences; and
- make capital investments, such as the purchase of high-definition equipment, needed to survive in a highly competitive sector.

Also significantly, the Department does not contest that the economies of scope and scale achieved by JSAs are essential to maintaining a diverse ownership of broadcast stations. To the contrary, the Department expressly disclaims any expertise with regard to these important policy objectives.<sup>4</sup>

What the Department plainly wants is for the Commission to prioritize the narrow focus of the antitrust laws (in this case, to benefit large corporate advertisers and cable companies) and deemphasize the Commission’s broader charge to protect the public interest. And the Department is overtly aware that its advice is in tension with core

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<sup>4</sup> DOJ Submission at 15.

Commission policies and responsibilities. In its submission, the Department explains that it “recognizes that the Commission’s ownership rules are also motivated in part by the need to *promote localism and diversity*, and that those concerns *may call for somewhat different analysis*” than the approach the Department favors.<sup>5</sup> On this point, the Department is correct – its proposed rule change would reduce the Commission’s ability to fulfill central components of its mission.

The Commission has of course long recognized that protecting the public interest, including promoting localism and ensuring access to a diverse range of programming, often requires the Commission to adopt different approaches to transactions, station ownership and related issues than those favored by antitrust enforcers. In fact, the Commission has emphasized that its analysis “under the public interest standard” is broader than the Department’s review, which “is limited solely to an examination of the competitive effects of [an] acquisition, without reference to diversity, localism, or other public interest considerations.”<sup>6</sup>

The conflict between the Commission’s mission to protect the “public interest” and the Department’s proposed alternative course should by itself warrant rejection of the Department’s recommendations. However, the Department’s analysis is also flawed within the more limited framework of the antitrust laws. In contravention of the Department’s own policy statements, including its *Horizontal Merger Guidelines*, the

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<sup>5</sup> DOJ Submission at 15 (emphasis added).

<sup>6</sup> *In re Applications of GCI Communication Corp., ACS Wireless License Sub, Inc., ACS of Anchorage License Sub, Inc., and Unicom, Inc. for Consent to Assign Licenses to the Alaska Wireless Network, LLC*, 28 FCC Rcd. 10433, 10443 (2013). See also *Report and Order*, 14 FCC Rcd. 12559, 12612 (1999) (observing that “the factors considered by DOJ” in “analyzing business arrangements may differ in some respects”; beyond competition, the FCC “is also concerned with issues of diversity and reducing unnecessary administrative burdens”); *Report and Order*, 18 FCC Rcd. 13620, 13744 (2003) (also noting that “the DOJ and the Commission’s concerns may differ in certain respects”).

Department's submission relies on generalizations about the structure of JSAs, not actual evidence of consumer harm. In urging the Commission to adopt a blanket rule for the treatment of JSAs with respect to ownership attribution, the Department avoids whole categories of evidence that it relies on in its investigations. For example, the Department barely acknowledges the wide range of broadcaster participants in JSAs, the significant differences in station economics between large and small television markets, the number of competing broadcasters that JSAs face, and the procompetitive benefits JSAs provide.

The Department's policy recommendations – even more problematically – are based entirely on the false and dated assumption that local broadcasting is a relevant antitrust product market. If the Department acknowledged that broadcast television stations face a host of non-broadcast competitors (as they plainly do), it would dismantle the Department's rationale for its proposed rule change. The simple fact is that in *asserting rather than demonstrating* the existence of a local broadcast television relevant product market, the Department looks backwards at past market structures rather than forwards at the robust and rapidly changing competitive landscape. Missing from the Department's submission is any contemporary empirical evidence to support a local television broadcasting product market. In place of such evidence, the Department can only cite its *own pleadings* – including pleadings from 1996, 2000, and 2003 – in settled merger cases, which themselves only contain conclusory general assertions. In relying on these old pleadings, the Department simply ignores that the competitive landscape facing local television stations has changed dramatically in the last ten years.<sup>7</sup>

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<sup>7</sup> *State of the Industry Report: Local Television Stations Profiles and Trends for 2014 and Beyond*, BIA/Kelsey (Dec. 2013) at iv (“BIA State of Industry Report”) (local television stations face increasing competition on two fronts, “for audiences and selling those audiences to national and local advertisers”). *Id.* at 1.

As NAB has demonstrated to the Commission, local TV stations today fiercely compete with cable and other multichannel video programming distributors (“MVPDs”) for audience share and advertising dollars, both local and national.<sup>8</sup> According to Bond & Pecaro, cable providers earned over \$1.7 billion in local ad revenues in the Top 10 Nielsen Designated Market Areas (“DMAs”) in 2012.<sup>9</sup> That is the equivalent of having *more than three additional broadcast television stations in each of the Top 10 markets*, based on BIA’s 2012 average station ad revenues in those markets. In DMAs ranked 11-25, local cable’s ad revenues are the equivalent of having more than two additional broadcast TV stations in each of those markets, and nearly two additional local TV stations in markets 26-50.<sup>10</sup>

The intensity of competition from cable, satellite and telcos has been strengthened even more through the stepped-up use of “interconnects” in recent years. These interconnects are combined platforms of multiple cable operators, satellite providers, and telephone companies. They allow advertisers to purchase local advertising in many markets and on many channels from multiple MVPDs through a single contract. For example, NCC Media (which itself is owned by large cable operators) has reported that “alliances” have been formed between “NCC, cable operators and satellite and telco programming distributors, including DIRECTV, AT&T U-verse and VERIZON FiOS.”<sup>11</sup>

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<sup>8</sup> See, e.g., NAB Comments in MB Docket No. 09-182 (July 12, 2010) at 6-15; NAB Comments in MB Docket No. 09-182 (Mar. 5, 2012) at 5-8, 12-16; NAB Reply Comments in MB Docket No. 09-182 (Apr. 17, 2012) at 2-10.

<sup>9</sup> This is based on Bond & Pecaro estimates from the upcoming publication *The Television Industry: A Market-by-Market Review*.

<sup>10</sup> Even in smaller markets (DMAs 51-100), average local cable ad revenues per market are equivalent to about 1.5 additional broadcast TV stations per market.

<sup>11</sup> *The Essential Guide to NCC Media: Planning & Buying Local Market Cable Television & Digital Media* (Sept. 2011) at 2. See also *id.* at 6-7 (describing dramatic increase in the number of cable interconnects, and explaining that “[l]eading cable operators” launched in 2011 a

And this past August, NCC Media announced that it and DISH had “join[ed] forces,” stating that this “arrangement crowns a decade-long effort by NCC and its [cable] owners to *consolidate the advertising reach of all US MVPDs*” for national and local television advertisers.<sup>12</sup>

The Department also ignores that broadcast stations face substantial competition from online/digital advertising, which have reduced broadcasters’ revenues as advertisers allocate more of their budgets to locally targeted digital, mobile and social media advertisements. BIA/Kelsey projects that online/digital advertising revenues will increase at 13.8 percent compound annual growth rate (CAGR) from 2013-2017, rising from \$26.5 billion to \$44.5 billion. Location targeted mobile ad revenues are growing at a faster pace than overall mobile advertising and will increase from \$2.9 billion in 2013 to \$10.8 billion in 2017. In contrast, traditional advertising revenues are projected to grow only slightly over the same time period, with a CAGR of 0.1 percent from 2013-2017.<sup>13</sup>

SNL Kagan’s recent examination of the advertising marketplace further illustrates the substantial changes that have diminished broadcasters’ competitive position and reduced their economic viability.<sup>14</sup> Looking at local advertising revenue specifically, SNL Kagan found that Internet and cable TV advertising grew at a CAGR of 24.7 and 4.8 percent, respectively, from 2003-2012. Broadcast TV advertising revenue, by contrast,

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“new local market ad platform” that “significantly expanded local market ad penetration, by incorporating” these other MVPDs “into their offerings”).

<sup>12</sup> NCC Media News, *DISH and NCC Media Join Forces, Greatly Extending Consumer Reach and Targeting for National and Local Television Advertisers* (Aug. 26, 2013) (emphasis added).

<sup>13</sup> BIA/Kelsey *Forecasts Overall U.S. Local Media Ad Revenues to Reach \$151.5B in 2017, Lifted by Faster Growth in Online/Digital*, Press Release (Nov. 19, 2013).

<sup>14</sup> SNL Kagan, *Economics of Advertising: Ad market decelerates in 2013, projected to be up to 1.4% to \$223B* (Dec. 17, 2013) (“Economics of Advertising”).



had a *negative* CAGR (0.1 percent) over that same time period. From 2013-2022, SNL Kagan projects that local Internet, cable TV, mobile and telco advertising revenue will grow at a CAGR of 4.3 percent, 5.5 percent, 22.5 percent, and 21.6 percent, respectively, with broadcast TV local ad revenue growing at a CAGR of 2.7 percent.<sup>15</sup>

Largely as a result of marketplace fragmentation and the growing numbers of options for advertisers (including online), television broadcasters' revenues and profits have fallen significantly.<sup>16</sup> SNL Kagan reports that broadcast television stations' advertising revenues fell precipitously after 2006 and, despite rebounding to a degree after the recession, remained at lower levels in 2012 than in 2004.<sup>17</sup> Indeed, SNL Kagan projects that broadcast television station advertising revenues will not reach the level of revenues earned in 2004 until the year 2020.<sup>18</sup> These data speak to a durable long-term shift in television stations' competitive environment. The Department's reliance on filings and pleadings from the 1990s, and even the 2000s,<sup>19</sup> is untenable in light of evidence that entire advertising platforms, such as online and mobile, were nascent or did not exist in those years but are now strong and growing competitors in the advertising marketplace.<sup>20</sup>

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<sup>15</sup> *Id.* at 5, 7, Charts "Local Versus National Advertising Revenue 2003-2012" and "Local Versus National Advertising Revenue, 2013-2022." NAB recently submitted SNL Kagan data on overall U.S. advertising revenue by sector, showing very similar results. *See* NAB Notice of *Ex Parte* Communication in MB Docket No. 09-182 (Feb. 18, 2014).

<sup>16</sup> *See* Economies of Scale Report, Section III.

<sup>17</sup> Economies of Advertising at 2, Chart, "U.S. Advertising Revenue by Sector, 2003-2102." Television station ad revenues fell from 23.4 billion in 2004 to 16.3 billion in 2009 and partially rebounded to 20.8 billion in 2012 – still well below the 2004 level.

<sup>18</sup> *Id.* at 4, Chart, "U.S. Advertising Revenue by Sector, 2013-2022."

<sup>19</sup> *See* DOJ Submission at 5.

<sup>20</sup> For example, SNL Kagan did not even begin to track mobile advertising until 2007, and Internet advertising revenues, which were only about one-third the level of broadcast television station advertising in 2003, now well exceed television station advertising. Economies of Advertising at 2, Chart, "U.S. Advertising Revenue by Sector, 2003-2012."

The bottom line is that the Department's entire submission hinges on the false and implausible premise that "Advertising on local broadcast stations has no close substitutes."<sup>21</sup> In fact, as shown, JSAs (and other similar arrangements) do not and cannot allow broadcast television stations to exercise pricing power because they face intense competition from cable, satellite, Internet, and online providers, all of whom aggressively compete on content development and advertising sales. And in clinging to its narrow twentieth-century market definition, the Department ignores one of the few facts that it includes in its submission – a majority of Americans get their television content from sources *other than* free, over-the-air television broadcasts.<sup>22</sup>

Finally, and fundamentally, it is important to recognize that the Department's submission is an effort to alter how the Commission fulfills its obligation to protect the public interest, an obligation for which the Department has no responsibility. The Department is clear that its proposed changes to the JSA rules have nothing to do with antitrust enforcement, stating that it will continue to challenge JSAs regardless of whether the Commission changes its ownership rules.<sup>23</sup> Thus, while the Department frames its submission as an attempt to further a common Commission/Department objective to protect "competition," its clear purpose is to advance the limited focus of antitrust enforcement at the expense of the broader public interest the Commission is charged to protect.

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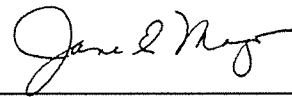
<sup>21</sup> DOJ Submission at 5.

<sup>22</sup> DOJ Submission at 9.

<sup>23</sup> *Id.* at 18 ("Regardless of the outcome of this proceeding, the Department will continue to monitor developments in the broadcast industry and ensure that transactions and agreements between broadcast stations do not deprive advertisers and viewers of the benefits of competition.").

In summary, the Commission's ownership attribution rules with respect to JSAs have for years benefitted consumers and promoted localism by increasing broadcast programming, especially local news, supporting the development of diverse and niche programming, and encouraging technological investment. The Department's proposed policies would put these benefits at substantial risk.

Respectfully submitted,



---

Jane E. Mago  
Jerianne Timmerman  
NATIONAL ASSOCIATION OF  
BROADCASTERS  
1771 N Street, NW  
Washington, DC 20036  
(202) 429-5430

Joshua H. Soven  
Gibson, Dunn & Crutcher LLP  
1050 Connecticut Avenue, NW  
Washington, DC 20036  
(202) 955-8503

March 18, 2014

## Joanne Wall

---

**From:** McFadden, Patrick <Pmcfadden@nab.org>  
**Sent:** Wednesday, February 08, 2017 6:37 PM  
**To:** Matthew Berry  
**Subject:** Next Gen ex parte  
**Attachments:** Next Gen ex parte.pdf

Matthew – thanks for meeting with us earlier this week on Next Gen. I've attached our ex parte notification for that meeting.

Best,  
Patrick

### Patrick McFadden

Associate General Counsel  
Legal and Regulatory Affairs

National Association of Broadcasters  
1771 N Street NW  
Washington DC 20036  
Phone 202 775 4983  
[nab.org](http://nab.org)

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Advocacy Education Innovation  
[NAB Show](#) | Las Vegas, NV | April 22-27, 2017



February 8, 2017

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Re: Notice of Ex Parte Communication, GN Docket No. 16-142

Dear Ms. Dortch:

On February 6, 2017, Alison Neplokh and the undersigned, both of the National Association of Broadcasters, met with Matthew Berry of Chairman Pai's office to discuss the draft Notice of Proposed Rulemaking proposing to authorize broadcasters to use the Next Generation TV broadcast television transmission standard. NAB commends the Commission and Commission staff for moving forward with a draft NPRM in this proceeding, and appreciates the opportunity to review the draft item. We continue to support a voluntary, market-driven deployment of Next Gen TV and urge the Commission not to impose overly prescriptive requirements for the transition.

Respectfully Submitted,


A handwritten signature in black ink, appearing to read "Patrick McFadden", is positioned above the typed name.

Patrick McFadden  
Associate General Counsel,  
National Association of Broadcasters

cc: Matthew Berry



## Request Details

Tracking Number : FCC-2017-000885	Submitted Date : 08/07/2017
 Requester : ANDREW KROLL	Perfected Date : 08/07/2017
Organization : MOTHER JONES	Last Assigned Date : 08/14/2017
Requester Has Account : No	Fee Limit : \$50.00
Email Address : AKROLL@MOTHERJONES.COM	Request Track : Simple
Phone Number : (b) (6)	Due Date : 09/05/2017
Fax Number : N/A	Assigned To : (b) (6) Federal Communications Commission)
Address : 1319 F ST SW SUITE 810	Last Assigned By : (b) (6) (Office of General Counsel)
City : WASHINGTON	
State/Province : DC	
Zip Code/Postal Code : 20003	

Submission Details

Case File

Admin Cost

Assigned Tasks

Comments (0)

Review

## Request Handling

Requester Info Available to the Public : No	Request Perfected : Yes
Request Track : Simple	Perfected Date : 08/07/2017
Fee Category : Media/Educational	Acknowledgement Sent Date :
Fee Waiver Requested: No	Unusual Circumstances ? : No
Fee Waiver Status: N/A	Litigation : No
Expedited Processing Requested : No	
Expedited Processing Status : N/A	

## Request Description

Short Description : Transcripts of Chairman Ajit Pai speech at Sinclair Broadcasting's summit in Baltimore, MD

Any copies of prepared remarks, complete transcript of delivered remarks, and complete transcript of question-and-answer period of FCC Chairman Ajit Pai's speech at Sinclair Broadcasting's general manager summit in Baltimore, Maryland, on November 16, 2017.

Description Available to the Public : No

Has Description Been Modified? Yes

258/2000

Any copies of prepared remarks, complete transcript of delivered remarks, and complete transcript of question-and-answer period of FCC Chairman Ajit Pai's speech at Sinclair Broadcasting's general manager summit in Baltimore, Maryland, on November 16, 2017.

## Additional Information

Key Words or Phrases : ^Ajit Pai; Sinclair Broadcasting

## Attached Supporting Files

No supporting files have been added.



Federal Communications Commission  
Washington, D.C. 20554

August 28, 2017

Andrew Kroll  
Mother Jones  
1319 F Street SW Suite 810  
Washington, DC 20003  
*Emailed to: akroll@motherjones.com*

Re: FOIA Control No. 2017-885

Mr. Kroll:

This letter responds to your Freedom of Information Act (FOIA) request for "Any copies of prepared remarks, complete transcript of delivered remarks, and complete transcript of question-and answer period of FCC Chairman Ajit Pai's speech at Sinclair Broadcasting's general manager summit in Baltimore, Maryland, on November 16, 2017." Your request has been assigned FOIA Control No. 2017-885.

The Office of Chairman Pai and the Office of Media Relations searched for responsive records. The search produced no records responsive to your request.

We are required by both the FOIA and the Commission's own rules to charge requesters certain fees associated with the costs of searching for, reviewing, and duplicating the sought after information.<sup>1</sup> To calculate the appropriate fee, requesters are classified as: (1) commercial use requesters; (2) educational requesters, non-commercial scientific organizations, or representatives of the news media; or (3) all other requesters.<sup>2</sup>

Pursuant to section 0.466(a)(5)-(7) of the Commission's rules, you have been classified as category (2), "educational requesters, non-commercial scientific organizations, or representatives of the news media."<sup>3</sup> As an "educational requester, non-commercial scientific organization, or representative of the news media," the Commission assesses charges to recover the cost of reproducing the records requested, excluding the cost of reproducing the first 100 pages. Because we did not locate any records responsive to your request, there is no production involving more than 100 pages of duplication. Therefore, you will not be charged any fees.

If you consider this to be a denial of your FOIA request, you may seek review by filing an application for review with the Office of General Counsel. An application for review must be *received* by the Commission within 90 calendar days of the date of this letter.<sup>4</sup> You may file an application for review by mailing the application to Federal Communications Commission, Office of General Counsel, 445 12<sup>th</sup> St SW, Washington, DC 20554, or you

---

<sup>1</sup> See 5 U.S.C. § 552(a)(4)(A), 47 C.F.R. § 0.470.

<sup>2</sup> 47 C.F.R. § 0.470.

<sup>3</sup> 47 C.F.R. § 0.466(a)(5)-(7).

<sup>4</sup> 47 C.F.R. §§ 0.461(j), 1.115; 47 C.F.R. § 1.7 (documents are considered filed with the Commission upon their receipt at the location designated by the Commission).



may file your application for review electronically by e-mailing it to [FOIA-Appeal@fcc.gov](mailto:FOIA-Appeal@fcc.gov). Please caption the envelope (or subject line, if via e-mail) and the application itself as "Review of Freedom of Information Action."

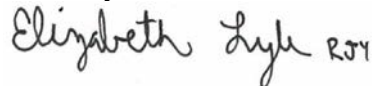
If you would like to discuss this response before filing an application for review to attempt to resolve your dispute without going through the appeals process, you may contact the Commission's FOIA Public Liaison for assistance at:

FOIA Public Liaison  
Federal Communications Commission, Office of the Managing Director,  
Performance Evaluation and Records Management  
445 12<sup>th</sup> St SW, Washington, DC 20554  
202-418-0440  
[FOIA-Public-Liaison@fcc.gov](mailto:FOIA-Public-Liaison@fcc.gov)

If you are unable to resolve your FOIA dispute through the Commission's FOIA Public Liaison, the Office of Government Information Services (OGIS), the Federal FOIA Ombudsman's office, offers mediation services to help resolve disputes between FOIA requesters and Federal agencies. The contact information for OGIS is:

Office of Government Information Services  
National Archives and Records Administration  
8601 Adelphi Road-OGIS  
College Park, MD 20740-6001  
202-741-5770  
877-684-6448  
[ogis@nara.gov](mailto:ogis@nara.gov)  
[ogis.archives.gov](http://ogis.archives.gov)

Sincerely,

A handwritten signature in black ink that reads "Elizabeth Lyle" followed by a small mark that appears to be "RJR".

Elizabeth Lyle  
Assistant General Counsel  
Office of General Counsel

cc: FCC FOIA Office



## Request Details

Tracking Number : FCC-2017-000886	Submitted Date : 08/07/2017
 Requester : ANDREW KROLL	Perfected Date : 08/07/2017
Organization : MOTHER JONES	Last Assigned Date : 08/14/2017
Requester Has Account : No	Fee Limit : \$100.00
Email Address : AKROLL@MOTHERJONES.COM	Request Track : Simple
Phone Number : (b) (6)	Due Date : 09/19/2017
Fax Number : N/A	Assigned To : (b) (6) (Office of General Counsel)
Address : 1319 F ST SW SUITE 810	Last Assigned By : (b) (6) (Office of General Counsel)
City : WASHINGTON	
State/Province : DC	
Zip Code/Postal Code : 20004	

Submission Details

Case File

Admin Cost

Assigned Tasks

Comments (1)

Review

## Request Handling

Requester Info Available to No the Public :	Request Perfected : Yes
Request Track : Simple	Perfected Date : 08/07/2017
Fee Category : Media/Educational	Acknowledgement Sent Date:
Fee Waiver Requested: No	Unusual Circumstances ? : Yes
Fee Waiver Status: N/A	Because of the need to consult with multiple offices within the Commission, we are extending the date for responding to your request from September 5, 2017, to September 19, 2017. See 47 C.F.R. § 0.461(g)(1)(i).
Expedited Processing No Requested :	Litigation : No
Expedited Processing Status : N/A	

## Request Description

Short Description : Copies of any and all emails sent and received by FCC Chairman Ajit Pai and staff members in the chairman's office with representatives of the Sinclair Broadcasting Group

Copies of any and all emails sent and received by FCC Chairman Ajit Pai and staff members in the chairman's office with representatives of the Sinclair Broadcasting Group. The timeframe from this request is 10/1/2016 to 8/7/2017.

Description Available to the No  
Public :

Has Description Been Yes  
Modified?

230/2000

Copies of any and all emails sent and received by FCC Chairman Ajit Pai and staff members in the chairman's office with representatives of the Sinclair Broadcasting Group. The timeframe from this request is 10/1/2016 to 8/7/2017.

## Additional Information

Key Words or Phrases : ^Ajit Pai; Sinclair Broadcasting

## Attached Supporting Files

No supporting files have been added.



Federal Communications Commission  
Washington, D.C. 20554

September 5, 2017

Mr. Andrew Kroll  
Mother Jones  
1319 F St., SW, Suite 810  
Washington, DC 20004  
AKroll@MOTHERJONES.com

Re: FOIA Control No. 2017-000886

Dear Mr. Kroll:

This is in response to your Freedom of Information Act (FOIA) request filed on August 7, 2017 (*FOIA Request*), seeking “all emails sent and received by FCC Chairman Ajit Pai and staff members in the chairman’s office with representatives of the Sinclair Broadcasting Group . . . [from] 10/1/16 to 8/7/17.”<sup>1</sup> The due date for the *FOIA Request* is September 5, 2017.

We searched the records of the offices of Chairman Pai and Brendan Carr and we located nine pages of documents responsive to your request which we release here in full.

Pursuant to section 0.466(a)(5)-(7) of the Commission’s rules, you have been classified for fee purposes as category (2), “educational requesters, non-commercial scientific organizations, or representatives of the news media.”<sup>2</sup> As an “educational requester, non-commercial scientific organization, or representative of the news media, the Commission assesses charges to recover the cost of reproducing the records requested, excluding the cost of reproducing the first 100 pages. Because we are emailing you the responsive documents, you will not be charged any fees with reproducing records.

If you consider this to be a denial of your FOIA request, you may seek review by filing an application for review with the Office of General Counsel. An application for review must be *received* by the Commission within 90 calendar days of the date of this letter.<sup>3</sup> You may file an application for review by mailing the application to the Federal Communications Commission, Office of General Counsel, 445 12<sup>th</sup> St. SW, Washington, DC 20554, or you may file your application for review electronically by e-mailing it to FOIA-Appeal@fcc.gov. Please caption the envelope (or subject line, if via e-mail) and the application itself as “Review of Freedom of Information Action.”

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<sup>1</sup> See *FOIA Request* (submitted and perfected Aug. 7, 2017).

<sup>2</sup> 47 C.F.R. § 0.466(a)(5)-(7).

<sup>3</sup> See 47 C.F.R. §§ 0.461(j), 1.115; 47 C.F.R. § 1.7 (documents are considered filed with the Commission upon their receipt at the location designated by the Commission).

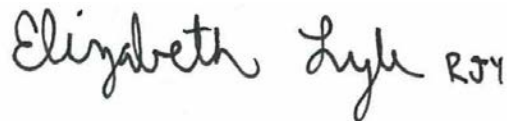
If you would like to discuss this response before filing an application for review to attempt to resolve your dispute without going through the appeals process, you may contact the Commission's FOIA Public Liaison for assistance at:

FOIA Public Liaison  
Federal Communications Commission, Office of the Managing Director,  
Performance Evaluation and Records Management  
445 12<sup>th</sup> St., SW, Washington, DC 20554  
FOIA-Public-Liaison@fcc.gov

If you are unable to resolve your FOIA dispute through the Commission's FOIA Public Liaison, the Office of Government Information Services (OGIS), the Federal FOIA Ombudsman's office, offers mediation services to help resolve disputes between FOIA requesters and Federal agencies. The contact information for OGIS is:

Office of Government Information Services  
National Archives and Records Administration  
8601 Adelphi Road-OGIS  
College Park, MD 20740-6001  
202-741-5770  
877-684-6448  
ogis@nara.gov  
ogis.archives.gov

Sincerely,

A handwritten signature in black ink that reads "Elizabeth Lyle" followed by a small mark that appears to be "RJR".

Elizabeth Lyle  
Assistant General Counsel  
Office of General Counsel

cc: FOIA Officer

Attachment

## Joanne Wall

---

**From:** Matthew Berry  
**Sent:** Monday, November 14, 2016 2:58 PM  
**To:** 'Rebecca Hanson'  
**Subject:** RE: Details for Sinclair GM Lunch on Wednesday the 16th

Thanks! We are reviewing and will get back to you soon.

---

**From:** Rebecca Hanson [mailto:rjhanson@sbgtn.com]  
**Sent:** Monday, November 14, 2016 2:04 PM  
**To:** Matthew Berry  
**Subject:** FW: Details for Sinclair GM Lunch on Wednesday the 16th

Hello Mathew,

I haven't heard from Lori and wanted to make sure you had these details as well. Looking forward to seeing you on Wednesday.

Crazy times, huh?

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Rebecca Hanson  
**Sent:** Friday, November 11, 2016 3:56 PM  
**To:** 'Lori Alexiou' <[Lori.Alexiou@fcc.gov](mailto:Lori.Alexiou@fcc.gov)>  
**Subject:** Details for Sinclair GM Lunch on Wednesday the 16th

Hello Lori,

Exciting times, to say the least! I am sure the Commissioner will be in increasing demand in the coming weeks, making me feel lucky to have locked this in before the election! By way of reminder:

**WHAT:** The Commissioner will address our annual fly-in of all our General Managers (around 100), plus some senior execs. Topic should focus on the important role that GMs play in their market, localism, etc., plus whatever he wants to discuss. Session will be off the record.

**WHERE:** Four Seasons, Baltimore.

**WHEN:** His "session" is set from 12:45 to 1:15, but it can be shorter, e.g., if he wants to speak for 15 minutes and take questions for 10, that would be fine. Lunch starts at noon, so if he and Matthew would like to come early and have lunch with a few of us, that would be great!

**MEETING AFTERWARD:** Would he have time to meet with our CEO, David Smith, for a few minutes after his session?

**TRAVEL LOGISTICS:** There is an Amtrak train leaving Union Station at 11:10, which arrives in Baltimore at 11:51 (84 NE Regional), or an Acela that leaves at 11:00 and arrives at 11:32. I will be there to get them and bring them to the Four Seasons. If he can meet with David Smith afterwards, we could get them on the 2:19 Acela, which arrives back in Union Station at 2:53.

Can we confirm all of this on Monday? I am free all afternoon to chat.

Rebecca

**Rebecca Hanson**

Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Lori Alexiou [<mailto:Lori.Alexiou@fcc.gov>]  
**Sent:** Tuesday, October 25, 2016 4:34 PM  
**To:** Rebecca Hanson <[rjhanson@sbgstv.com](mailto:rjhanson@sbgstv.com)>  
**Subject:** RE: Invitation for Commissioner Pai

Thanks Rebecca and thanks for your patience on this.

Lori

---

**From:** Rebecca Hanson [<mailto:rjhanson@sbgstv.com>]  
**Sent:** Tuesday, October 25, 2016 4:29 PM  
**To:** Matthew Berry <[Matthew.Berry@fcc.gov](mailto:Matthew.Berry@fcc.gov)>  
**Cc:** Lori Alexiou <[Lori.Alexiou@fcc.gov](mailto:Lori.Alexiou@fcc.gov)>  
**Subject:** RE: Invitation for Commissioner Pai

Terrific, Matthew. Thanks so much for confirming. Lori, I will be in touch later this week with details.

Rebecca

**Rebecca Hanson**

Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Matthew Berry [<mailto:Matthew.Berry@fcc.gov>]  
**Sent:** Tuesday, October 25, 2016 4:19 PM  
**To:** Rebecca Hanson <[rjhanson@sbgstv.com](mailto:rjhanson@sbgstv.com)>  
**Cc:** Lori Alexiou <[Lori.Alexiou@fcc.gov](mailto:Lori.Alexiou@fcc.gov)>  
**Subject:** RE: Invitation for Commissioner Pai

Rebecca,

Commissioner Pai is able to make it. Please coordinate with Lori in terms of the specific schedule.

Thanks,  
Matthew

---

**From:** Rebecca Hanson [<mailto:rjhanson@sbg.tv>]  
**Sent:** Tuesday, October 25, 2016 2:14 PM  
**To:** Matthew Berry <[Matthew.Berry@fcc.gov](mailto:Matthew.Berry@fcc.gov)>  
**Subject:** FW: Invitation for Commissioner Pai

Hello again, Matthew. Just following up on this inquiry. Any thoughts?

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Rebecca Hanson  
**Sent:** Monday, October 17, 2016 9:34 AM  
**To:** Lori Alexiou <[Lori.Alexiou@fcc.gov](mailto:Lori.Alexiou@fcc.gov)>  
**Subject:** RE: Invitation for Commissioner Pai

Good morning, Lori. I was just following up on the request below. Has Commissioner Pai made a decision yet?

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Rebecca Hanson  
**Sent:** Tuesday, September 06, 2016 2:31 PM  
**To:** Lori Alexiou <[Lori.Alexiou@fcc.gov](mailto:Lori.Alexiou@fcc.gov)>  
**Subject:** Invitation for Commissioner Pai

Hello Lori,

I would like to invite Commissioner Pai to address our annual General Manager Summit this year, which is our second meeting for which all of our 80 TV station General Managers from across the country fly into Baltimore for a variety of meetings and speakers.

Would the Commissioner be available to address this group at lunchtime on **Wednesday, November 16<sup>th</sup>**? We will be at the Four Seasons in downtown Baltimore, which is easily accessible from the train station. The topic would be the importance of the roles that GMs play in their communities

Looking forward to hearing from you!

Rebecca



**Rebecca Hanson**

Senior Vice President, Strategy and Policy

Sinclair Broadcast Group

703-236-9236 (office)

202-256-2116 (cell)

## Joanne Wall

---

**From:** Alana J. LaFlore <ajLaFlore@sbgstv.com>  
**Sent:** Friday, November 04, 2016 3:52 PM  
**To:** Matthew Berry  
**Subject:** Blocking Contraband Cell Phones

Hello,

I'm writing about the speech Commission Pai gave back in April about contraband cell phones. His remarks are mentioned in this article. <http://money.cnn.com/2016/04/07/technology/prison-cell-phones/>  
Have steps been taken to move forward to such a block? What is the current status?

Thank you for your help. I'm on a hard deadline of Wednesday night (11/09).

**Alana LaFlore**

Multimedia Journalist

NewsChannel 9 – WTVN – Chattanooga

Sinclair Broadcast Group

**Mobile:** 423-421-7718 **Email:** ajlaflore@newschannel9.com

## Joanne Wall

---

**From:** Rebecca Hanson <rjhanson@sbgstv.com>  
**Sent:** Thursday, November 17, 2016 10:23 AM  
**To:** Ajit Pai; Matthew Berry  
**Cc:** Amanda Ota  
**Subject:** Thank you both so much!

Ajit and Matthew,

Thank you again for being the stars of our show at this year's Sinclair GM Summit. All of our stations truly appreciate your support and your *belief* in what they do.

I mentioned to Ajit the movie I am currently obsessed with and provide the link here. *Zero Days*: Award-winning doc about the Stuxnet virus and the dawn of global cyberwarfare. It is a must see for every American! <http://www.imdb.com/title/tt5446858/>

I realize you will be busy in the coming weeks with respect to the transition, but since the FCC voting agenda seems to have come to a screeching halt, we would love to come in at some point after Thanksgiving to walk you through all that we are doing in the area of drones and cyber security.

Just let me know!

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

## Joanne Wall

---

**From:** Ajit Pai  
**Sent:** Thursday, October 20, 2016 11:48 AM  
**To:** Matthew Berry  
**Subject:** FW: Phone Rules?

---

**From:** Tom Gdisis [mailto:tgdisis@sbgstv.com]  
**Sent:** Thursday, October 20, 2016 11:46 AM  
**To:** Ajit Pai <Ajit.Pai@fcc.gov>  
**Subject:** Phone Rules?

Hi, Ajit, you spoke at our KAB convention last week in Wichita. I'm with KSAS-TV & KMTW-TV. I had a request. Look into the rules that we need to have a toll-free number for our viewers in each city we have a transmitter. Consumers can now reach us via email and website without charge. Most phone services do not charge long distance when dialing within the state.

Thanks

**Tom "Gateway" Gdisis**  
My TV Wichita Station Manager (KMTW) 36.1  
Get TV – 36.2  
FOX Kansas (KSAS) 24.1  
Antenna TV 24.2  
Comet TV 24.3  
316 N. West St.  
Wichita, KS 67203  
316-941-1031 – Direct Line  
316.942-2424  
942-8927 – FAX  
[www.foxkansas.com](http://www.foxkansas.com)



## Joanne Wall

---

**From:** Rebecca Hanson <rjhanson@sbgvtv.com>  
**Sent:** Wednesday, February 15, 2017 12:32 PM  
**To:** Smith, Gordon  
**Cc:** Ajit Pai  
**Subject:** RE: Link to movie "Zero Days"

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Fun fact: When Obama pardoned Chelsea Manning, he also pardoned James Cartwright, former vice chairman of the US Joint Chiefs, for his association with leaks of classified info about the Stuxnet program to the New York Times, which first broke the story.

**Rebecca Hanson**

Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Smith, Gordon [mailto:gsmith@nab.org]  
**Sent:** Tuesday, February 14, 2017 9:32 PM  
**To:** Rebecca Hanson  
**Cc:** Ajit Pai (Ajit.Pai@FCC.gov)  
**Subject:** Re: Link to movie "Zero Days"  
Thank you, Rebecca. I am already looking forward to watching it.

Gordon H. Smith  
President/CEO

On Feb 14, 2017, at 6:30 PM, Rebecca Hanson <rjhanson@sbgvtv.com> wrote:

As I mentioned at lunch today, I think every American should see this movie, to understand how vulnerable we are to cyberattacks.

Ajit, you should consider this research on cyber issues!

[http://www.imdb.com/title/tt5446858/?ref=fn\\_al\\_tt\\_1](http://www.imdb.com/title/tt5446858/?ref=fn_al_tt_1)

See it this weekend! It is available on Amazon.

Rebecca

**Rebecca Hanson**

Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

## Joanne Wall

---

**From:** Rebecca Hanson <rjhanson@sbgstv.com>  
**Sent:** Tuesday, February 14, 2017 6:30 PM  
**To:** Ajit Pai; Smith, Gordon  
**Subject:** Link to movie "Zero Days"

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

As I mentioned at lunch today, I think every American should see this movie, to understand how vulnerable we are to cyberattacks.

Ajit, you should consider this research on cyber issues!

[http://www.imdb.com/title/tt5446858/?ref=fn\\_al\\_tt\\_1](http://www.imdb.com/title/tt5446858/?ref=fn_al_tt_1)

See it this weekend! It is available on Amazon.

Rebecca

**Rebecca Hanson**

Senior Vice President, Strategy and Policy

Sinclair Broadcast Group

703-236-9236 (office)

202-256-2116 (cell)

OFFICE ADDRESS HERE

August 21, 2017

## FOIA REQUEST

### Fee benefit requested

Dear Brendan Carr,

Pursuant to my rights under the federal Freedom of Information Act, 5 U.S.C. § 552, I ask to obtain a copy of the following, which I understand to be held by your agency:

- **Correspondence between Steve Bannon (also known as Stephen Bannon) and the FCC regarding Breitbart News Network (also known as Breitbart News) since November 2016**
- **Correspondence between Steve Bannon (also known as Stephen Bannon) and the FCC regarding Sinclair Broadcast Group since November 2016**
- **Correspondence between Steve Bannon (also known as Stephen Bannon) and the FCC regarding Fox News or 21<sup>st</sup> Century Fox since November 2016**
- **Any evidence of meetings between Steve Bannon (also known as Stephen Bannon) and any members of the FCC, as well as any records of those meetings, since November 2016**

I would like these records in electronic format transmitted via email or another digital format. Please refrain from sending paper copies of the records.

If you determine that any or all of the information qualifies for an exemption from disclosure, I ask you to note whether, as is normally the case under the Act, the exemption is discretionary, and if so whether it is necessary in this case to exercise your discretion to withhold the information.

If you determine that some but not all the information is exempt from disclosure and that you intend to withhold it, I ask that you redact it for the time being and make the rest available as requested.

In any event, please provide a signed notification citing the legal authorities on which you rely if you determine that any or all the information is exempt and will not be disclosed.

Please waive any applicable fees. This information is being sought on behalf of Forbes Media for public dissemination.

I, of course, reserve the right to appeal your decision to withhold any information or to deny a waiver of fees. As I am making this request as a journalist and this information is of timely value, I would appreciate your communicating with me by telephone, rather than by mail, if you

have questions regarding this request.

If I can provide any clarification that will help expedite your attention to my request, please contact me directly via phone (b) (6) or email (mberg@forbes.com).

I look forward to your reply within 20 business days, as the statute requires, and an even prompter reply if you can make that determination without having to review the records in question.

Thank you for your time and attention to this matter.

Sincerely,

Madeline Berg  
Reporter, FORBES





Federal Communications Commission  
Washington, D.C. 20554

September 19, 2017

Madeline Berg  
Forbes  
499 Washington Blvd  
Floor 10  
Jersey City, NJ 07310  
*Emailed to: mberg@forbes.com*

Re: FOIA Control No. 2017-918

Ms. Berg:

This letter responds to your Freedom of Information Act (FOIA) request for "Correspondence between Steve Bannon (also known as Stephen Bannon) and the FCC" regarding three topics, and "evidence of meetings between Steve Bannon (also known as Stephen Bannon) and any members of the FCC" since November 2016. Your request has been assigned FOIA Control No. 2017-918.

The Commission searched for responsive records. The search produced no records responsive to your request.

We are required by both the FOIA and the Commission's own rules to charge requesters certain fees associated with the costs of searching for, reviewing, and duplicating the sought after information.<sup>1</sup> To calculate the appropriate fee, requesters are classified as: (1) commercial use requesters; (2) educational requesters, non-commercial scientific organizations, or representatives of the news media; or (3) all other requesters.<sup>2</sup>

Pursuant to section 0.466(a)(5)-(7) of the Commission's rules, you have been classified as category (2), "educational requesters, non-commercial scientific organizations, or representatives of the news media."<sup>3</sup> As an "educational requester, non-commercial scientific organization, or representative of the news media," the Commission assesses charges to recover the cost of reproducing the records requested, excluding the cost of reproducing the first 100 pages. Because we did not locate any records responsive to your request, there is no production involving more than 100 pages of duplication. Therefore, you will not be charged any fees.

You have requested a fee waiver pursuant to section 0.470(e) of the Commission's rules.<sup>4</sup> As you are not required to pay any fees in relation to your FOIA request, the Office of the General Counsel, which reviews such requests, does not make a determination on your request for a fee waiver.<sup>5</sup>

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<sup>1</sup> See 5 U.S.C. § 552(a)(4)(A), 47 C.F.R. § 0.470.

<sup>2</sup> 47 C.F.R. § 0.470.

<sup>3</sup> 47 C.F.R. § 0.466(a)(5)-(7).

<sup>4</sup> 47 C.F.R. § 0.470(e).

<sup>5</sup> 47 C.F.R. § 0.470(e)(5).

If you consider this to be a denial of your FOIA request, you may seek review by filing an application for review with the Office of General Counsel. An application for review must be *received* by the Commission within 90 calendar days of the date of this letter.<sup>6</sup> You may file an application for review by mailing the application to Federal Communications Commission, Office of General Counsel, 445 12<sup>th</sup> St SW, Washington, DC 20554, or you may file your application for review electronically by e-mailing it to [FOIA-Appeal@fcc.gov](mailto:FOIA-Appeal@fcc.gov). Please caption the envelope (or subject line, if via e-mail) and the application itself as “Review of Freedom of Information Action.”

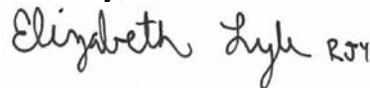
If you would like to discuss this response before filing an application for review to attempt to resolve your dispute without going through the appeals process, you may contact the Commission’s FOIA Public Liaison for assistance at:

FOIA Public Liaison  
Federal Communications Commission, Office of the Managing Director,  
Performance Evaluation and Records Management  
445 12<sup>th</sup> St SW, Washington, DC 20554  
202-418-0440  
[FOIA-Public-Liaison@fcc.gov](mailto:FOIA-Public-Liaison@fcc.gov)

If you are unable to resolve your FOIA dispute through the Commission’s FOIA Public Liaison, the Office of Government Information Services (OGIS), the Federal FOIA Ombudsman’s office, offers mediation services to help resolve disputes between FOIA requesters and Federal agencies. The contact information for OGIS is:

Office of Government Information Services  
National Archives and Records Administration  
8601 Adelphi Road–OGIS  
College Park, MD 20740-6001  
202-741-5770  
877-684-6448  
[ogis@nara.gov](mailto:ogis@nara.gov)  
[ogis.archives.gov](http://ogis.archives.gov)

Sincerely,

A handwritten signature in dark ink that reads "Elizabeth Lyle" followed by a small mark that appears to be "RJR".

Elizabeth Lyle  
Assistant General Counsel  
Office of General Counsel

cc: FCC FOIA Office

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<sup>6</sup> 47 C.F.R. §§ 0.461(j), 1.115; 47 C.F.R. § 1.7 (documents are considered filed with the Commission upon their receipt at the location designated by the Commission).



## Request Details

Tracking Number : FCC-2018-000031

Requester : Sam Gustin

Organization : N/A

Requester Has Account : Yes

Email Address : 44432-

(b) (6) @requests.muckrock.com

Phone Number : N/A

Fax Number : N/A

Address : 411A Highland Ave  
Dept. 44432

City : Somerville

State/Province : MA

Zip Code/Postal Code : 02144

Submitted Date : 10/12/2017

Perfected Date : 10/13/2017

Last Assigned Date : 11/15/2017

Fee Limit : \$25.00

Request Track : Simple

Due Date : 11/13/2017

Assigned To : (b) (6) (Federal  
Communications

Commission)

Last Assigned By : (b) (6) (Federal  
Communications

Commission)

Submission Details

Case File

Admin Cost

Assigned Tasks

Comments (0)

Review

## Request Handling

Requester Info Available to No  
the Public :

Request Track : Simple

Fee Category : Media/Educational

Fee Waiver Requested: No

Fee Waiver Status: N/A

Expedited Processing No

Requested :

Expedited Processing Status : N/A

Request Perfected : Yes

Perfected Date : 10/13/2017

Acknowledgement Sent Date:

Unusual Circumstances ? : No

Litigation : No

## Request Description

Short Description : N/A

To Whom It May Concern: This is a request under the Freedom of Information Act. I hereby request the following records: I'm looking for any correspondence or communications between the White House or other members of the Trump administration, and the Federal Communications Commission regarding net neutrality, the Restoring Internet Freedom Notice of Proposed Rulemaking, Sinclair Broadcast Group, or any actions involving the Media Bureau. The requested documents will be made available to the general public, and this request is not being made for commercial purposes. In the event that there are fees, I would be grateful if you would inform me of the total charges in advance of fulfilling my request. I would prefer the request filled electronically, by e-mail attachment if available or CD-ROM if not. Thank you in advance for your anticipated cooperation in this matter. I look forward to receiving your response to this request within 20 business days, as the statute requires. Sincerely, Sam Gustin

Description Available to the No  
Public :

Has Description Been Yes  
Modified?

451/2000

I'm looking for any correspondence or communications between the White House or other members of the Trump administration, and the Federal Communications Commission regarding net neutrality, the Restoring Internet Freedom Notice of Proposed Rulemaking, Sinclair Broadcast Group, or any actions involving the Media Bureau. The requested documents will be made available to the general public, and this request is not being made for commercial purposes.

**Additional Information**

Key Words or Phrases : ^net neutrality

**Attached Supporting Files**

No supporting files have been added.



## Request Details

Tracking Number : FCC-2018-000100

Requester : Daniel Gross

Organization : N/A

Requester Has Account : Yes

Email Address :

(b) (6)

Phone Number : N/A

Fax Number : N/A

Address : (b) (6)

City :

State/Province :

Zip Code/Postal Code :

Submitted Date : 11/09/2017

Perfected Date : 11/13/2017

Last Assigned Date : 11/15/2017

Fee Limit : \$25.00

Request Track : Simple

Due Date : 12/12/2017

Assigned To : (b) (6) (Office of General Counsel)

Last Assigned By : (b) (6) (Office of General Counsel)

Submission Details

Case File

Admin Cost

Assigned Tasks

Comments (0)

Review

## Request Handling

Requester Info Available to No  
the Public :

Request Track : Simple

Fee Category : Media/Educational

Fee Waiver Requested: Yes

Fee Waiver Status: Not Billable

Expedited Processing No

Requested :

Expedited Processing Status : N/A

Request Perfected : Yes

Perfected Date : 11/13/2017

Acknowledgement Sent Date:

Unusual Circumstances ? : No

Litigation : No

## Request Description

Short Description : Emails from Ajit Pai To David Smith; chairman of Sinclair Broadcast Group

To Whom It May Concern: This is a request under the Freedom of Information Act. I hereby request the following records.  
- All emails from January 1, 2017 to the date this request is processed that are: - from Commissioner Ajit Pai to David Smith, chairman of Sinclair Broadcast Group - from David Smith to Chairman Pai - from Chairman Pai to an @sbgi.net email address - from an @sbgi.net email address to Chairman Pai I also request that, if appropriate, fees be waived as I believe this request is in the public interest. The requested documents are part of a journalistic investigation, will be processed by a representative of the news media/press, and are not for commercial usage. In the event that fees cannot be waived, I would be grateful if you would inform me of the total charges in advance of fulfilling my request. I would prefer the request filled electronically, by e-mail attachment if available or CD-ROM if not. Thank you in advance for your anticipated cooperation in this matter. I look forward to receiving your response to this request within 20 business days, as the statute requires. Sincerely, Daniel Gross

Description Available to the No  
Public :

Has Description Been Yes  
Modified?

589/2000

All emails from January 1, 2017 to the date this request is processed that are: - from Commissioner Ajit Pai to David Smith, chairman of Sinclair Broadcast Group - from David Smith to Chairman Pai - from Chairman Pai to an @sbgi.net email address - from an @sbgi.net email address to Chairman Pai I also request that, if appropriate, fees be waived as I believe this request is in the public interest. The requested documents are part of a journalistic investigation, will be processed by a representative of the news media/press, and are not for commercial usage. Sincerely, Daniel Gross

**Additional Information**

Key Words or Phrases : ^Ajit Pai; Sinclair Broadcasting

**Attached Supporting Files**

No supporting files have been added.



Federal Communications Commission  
Washington, D.C. 20554

December 21, 2017

Daniel Gross

(b) (6)

Via (b) (6)

Re: FOIA Control No. 2018-000100

Dear Mr. Gross:

This letter responds to your Freedom of Information Act (FOIA) request filed on November 13, 2018 (*FOIA Request 2018-000100*),<sup>1</sup> seeking emails from January 1, 2017 through November 13, 2017, from: (1) Commissioner Ajit Pai to David Smith, chairman of Sinclair Broadcast Group; (2) David Smith to Chairman Pai; (3) Chairman Pai to an @sbgi.net email address; and (4) an @sbgi.net email address to Chairman Pai.

The Office of the Chairman searched the Chairman's records for emails responsive to your request. The search produced no responsive documents.

Pursuant to section 0.466(a)(5)-(7) of the Commission's rules, you have been classified for fee purposes as category (2), "educational requesters, non-commercial scientific organizations, or representatives of the news media."<sup>2</sup> As an "educational requester, non-commercial scientific organization, or representative of the news media, the Commission assesses charges to recover the cost of reproducing the records requested, excluding the cost of reproducing the first 100 pages. We did not reproduce any records and you will therefore not be charged any fees.

You have requested a fee waiver pursuant to section 0.470(e) of the Commission's rules.<sup>3</sup> As you are not required to pay any fees in relation to your FOIA request, the Office of the General Counsel, which reviews such requests, does not make a determination on your request for a fee waiver.<sup>4</sup>

<sup>1</sup> See *FOIA Request 2018-000100* (submitted November 9, 2018, and perfected November 13, 2018).

<sup>2</sup> 47 C.F.R. § 0.466(a)(5)-(7).

<sup>3</sup> 47 C.F.R. § 0.470(e).

<sup>4</sup> 47 C.F.R. § 0.470(e)(5).

If you consider this to be a denial of your FOIA request, you may seek review by filing an application for review with the Office of General Counsel. An application for review must be *received* by the Commission within 90 calendar days of the date of this letter.<sup>5</sup> You may file an application for review by mailing the application to the Federal Communications Commission, Office of General Counsel, 445 12<sup>th</sup> St. SW, Washington, DC 20554, or you may file your application for review electronically by e-mailing it to FOIA-Appeal@fcc.gov. Please caption the envelope (or subject line, if via e-mail) and the application itself as “Review of Freedom of Information Action.”

If you would like to discuss this response before filing an application for review to attempt to resolve your dispute without going through the appeals process, you may contact the Commission’s FOIA Public Liaison for assistance at:

FOIA Public Liaison  
Federal Communications Commission, Office of the Managing Director,  
Performance Evaluation and Records Management  
445 12<sup>th</sup> St., SW, Washington, DC 20554  
FOIA-Public-Liaison@fcc.gov

If you are unable to resolve your FOIA dispute through the Commission’s FOIA Public Liaison, the Office of Government Information Services (OGIS), the Federal

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<sup>5</sup> See 47 C.F.R. §§ 0.461(j), 1.115; 47 C.F.R. § 1.7 (documents are considered filed with the Commission upon their receipt at the location designated by the Commission).



Mr. Daniel Gross

Page 3

FOIA Ombudsman's office, offers mediation services to help resolve disputes between FOIA requesters and Federal agencies. The contact information for OGIS is:

Office of Government Information Services  
National Archives and Records Administration  
8601 Adelphi Road-OGIS  
College Park, MD 20740-6001  
202-741-5770  
877-684-6448  
ogis@nara.gov  
ogis.archives.gov

Sincerely,

A handwritten signature in cursive script, reading "Elizabeth Lyle". To the right of the signature is a small, stylized mark that appears to be initials or a flourish.


Elizabeth Lyle  
Assistant General Counsel  
Office of General Counsel

cc: FOIA Officer



## Request Details

Tracking Number : FCC-2018-000140

 Requester : Clinton Sweet

Organization : N/A

Requester Has Account : Yes

Email Address : (b) (6)

Phone Number : N/A

Fax Number : N/A

Address : (b) (6)

City :

State/Province :

Zip Code/Postal Code :

Submitted Date : 11/22/2017

Last Assigned Date : 12/13/2017

Fee Limit : \$25.00

Request Track : Simple

Due Date : N/A

Assigned To : (b) (6) (Office of  
General Counsel)

Last Assigned By : (b) (6) (Federal  
Communications  
Commission)

Submission Details

Case File

Admin Cost

Assigned Tasks

Comments (0)

Review

## Request Handling

Requester Info Available to No  
the Public :

Request Track : Simple

Fee Category : Other

Fee Waiver Requested: No

Fee Waiver Status: N/A

Expedited Processing No  
Requested :

Expedited Processing Status : N/A

Request Perfected : No

Acknowledgement Sent Date:

Unusual Circumstances ? : No

Litigation : No

## Request Description

Short Description : Communications by Chairman and Sinclair

To whom it may concern, I would like to make a request for information regarding all communication between the FCC, including communications by Ajit Pai in his capacity as chairman, and Sinclair Broadcast Group, Inc. and all of its subsidiaries including, but not limited to Sinclair Television Group, Inc., Keyser Capital, Sinclair Investment Group, Dielectric, Ring of Honor, and The Tennis Channel, Inc. I am interested in communication from Januray 2012 to present. Please let me know if you need anything else and thank you!

Description Available to the No  
Public :

Has Description Been Yes  
Modified?

444/2000

I would like to make a request for information regarding all communication between the FCC, including communications by Ajit Pai in his capacity as chairman, and Sinclair Broadcast Group, Inc. and all of its subsidiaries including, but not limited to Sinclair Television Group, Inc., Keyser Capital, Sinclair Investment Group, Dielectric, Ring of Honor, and The Tennis Channel, Inc. I am interested in communication from January 2012 to present.

## Additional Information

Key Words or Phrases : ^Sinclair

## Attached Supporting Files

No supporting files have been added.

**From:** [Vanessa Lamb](#)  
**To:** (b) (6)  
**Subject:** FW: FOIA Request  
**Date:** Wednesday, November 22, 2017 9:40:35 AM

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Just received the following request.

**From:** Jared Gajowski [mailto:(b) (6)]  
**Sent:** Wednesday, November 22, 2017 9:23 AM  
**To:** Vanessa Lamb <Vanessa.Lamb@fcc.gov>  
**Subject:** FOIA Request

Mrs. Lamb,

I'd like to make a FOIA (Freedom of Information Act) request regarding all communications between the FCC (including communications by Ajit in his capacity as chairman around 2012) and Sinclair.

Thank you,

Jared Gajowski

--

-Jared Gajowski



Federal Communications Commission  
Washington, D.C. 20554

January 25, 2018

Mr. Jared Gajowski  
Via email to (b) (6)

Re: FOIA Control No. 2018-000141

Dear Mr. Gajowski:

This is in response to your Freedom of Information Act (FOIA) request filed on November 22, 2017, and subsequently clarified, seeking previously processed "communications between the FCC . . . and Sinclair" located in the Media Bureau (*FOIA Request 2018-141*).<sup>1</sup>

We searched the Media Bureau and located 145 pages of documents responsive to your request. We are releasing 44 pages of those documents, which we redact in part for the reasons discussed below. We are withholding 101 pages of the documents for the reasons discussed below.

We are withholding in full documents under Exemption 4 of the FOIA which permits the Commission to withhold material containing in relevant part "commercial or financial information obtained from a person and privileged or confidential[.]"<sup>2</sup> The terms "commercial" or "financial" "are to be given their 'ordinary meanings'" and are construed broadly.<sup>3</sup> The test for confidentiality turns on whether the information was submitted to the agency involuntarily or voluntarily. Information that has been required to be submitted to the agency may be withheld under Exemption 4 upon a showing that: (1) disclosure would likely impair the government's ability to obtain necessary information in the future or (2) disclosure would likely cause substantial harm to the competitive position of the person from whom the information was obtained.<sup>4</sup> Voluntarily submitted information may be withheld on a showing that it is information not customarily released to the public.<sup>5</sup>

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<sup>1</sup> See *FOIA Request 2018-141* (submitted and perfected Nov. 22, 2017); see also emails between Ryan Yates and Jared Gajowski (Nov. 27, 2017) and emails between Joanne Wall and Mr. Gajowski (Dec. 12 and 13, 2017, and Jan. 8, 2018) (clarifying *FOIA Request 2018-141*); see email from Mr. Gajowski to Ms. Wall (Jan. 8, 2018) (agreeing to narrow "[t]he search [for responsive documents to one] that will not induce fees").

<sup>2</sup> See 5 U.S.C. §552(b)(4); see also 47 C.F.R. §0.457(d).

<sup>3</sup> *Nat'l Ass'n of Home Builders v. Norton*, 309 F.3d 26, 38 (D.C. Cir. 2002) (quoting *Pub. Citizen Health Research Grp. v. FDA*, 704 F.2d 1280, 1290 (D.C. Cir. 1983) (citations omitted)).

<sup>4</sup> See *Nat'l Parks and Conservation Ass'n v. Morton*, 498 F.2d 765, 770 (D.C. Cir. 1974); see also *Merchant & Gould, P.C.*, 26 FCC Rcd 6556, 6557 (2011) (citing *Nat'l Parks and Conservation Ass'n v. Morton*).

<sup>5</sup> See *Critical Mass Energy Project v. NRC*, 975 F.2d 871, 879 (D.C. Cir. 1992) *cert. denied*, 507 U.S. 984 (1993).

We are withholding in full two compliance reports under Exemption 4. The compliance reports contain confidential commercial information that Sinclair was required to submit to the Commission pursuant to a consent decree between Sinclair and the Media Bureau.<sup>6</sup> The compliance reports list, among other things, ongoing retransmission consent negotiations to which Sinclair is a party as well as existing agreements. It is standard practice for parties to such discussions to maintain the confidentiality of the status and terms of the agreements and the consent decree describes the required reports as “confidential.” We have determined that it is reasonably foreseeable that disclosure of the documents we withhold under Exemption 4 would not only harm Sinclair’s competitive position in the future, but would impede the Commission’s ability to obtain this information in the future.

We are also withholding under Exemption 4 several email chains between Commission staff and attorneys for Sinclair Broadcast Group, Inc. (Sinclair) related to settlement negotiations. Some of the email chains also include draft consent decrees or related attachments. (The emails and the attachments are all marked confidential.) The withheld information qualifies for protection under Exemption 4. Sinclair’s attorney voluntarily provided the consent decree drafts and related emails that reflect Sinclair’s negotiating positions in settlement discussions, which reveal concessions and statements that the corporation was willing to make (or not to make) in order to obtain by consent dismissal of the ongoing investigation(s). As such, the drafts and related emails reveal Sinclair’s business strategy and concern information in which Sinclair would properly have a commercial interest and would not customarily release to the public.<sup>7</sup> Similarly, Sinclair’s attorney voluntarily (and in confidence) revealed to the Commission in the settlement negotiation emails information regarding Sinclair’s commercial operating strategies and methods which Sinclair would not ordinarily release to the public. We note that even if it were found that Sinclair’s attorneys involuntarily submitted the information related to the draft consent decrees and other settlement negotiations, we would withhold this material under Exemption 4, because releasing such information would impair the agency’s ability to solicit similar input in the future.

We are also withholding in full under Exemption 4: (1) a confidential response from Sinclair, dated January 19, 2016, to a Letter of Inquiry issued by the Media Bureau (*LOI Response*) and (2) two exhibits and an accompanying request for confidential treatment to an application filed by Tribune Media Company on June 26, 2017 (*June 26, 2017, Confidential Request and Exhibits*). As an initial matter, these submissions were

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<sup>6</sup> See *Sinclair Broadcast Group, Inc., Order, Attachment (Consent Decree)*, 31 FCC Rcd 8576, 8581, at para. 16 (Media Bureau 2016).

<sup>7</sup> See *M/A-COM Info. Sys. v. HHS*, 656 F.Supp. 691, 692 (D.D.C. 1986) 692-93 (finding that documents indicating accounting and internal procedures a company was willing to undertake as part of settlement negotiations exchanged in confidence between counsels for the Department of Health and Human Services (HHS) and the company concerned commercial information protected by Exemption 4); cf. *Comptel v. F.C.C.*, 945 F.Supp. 48, 58 (D.D.C. 2013) (finding that to withhold under Exemption 4, agency must do more than label information as “commercial or financial”; rather, it must show that this information is commercial or financial information, obtained from a person, and privileged or confidential.)

made as required by the Commission. The *LOI Response* and the *June 26, 2017, Confidential Request and Exhibits* set forth sensitive commercial and financial data and analysis that are not typically made available to the public. We have determined that disclosure of these records would not only harm Sinclair's competitive position, but would impede the Commission's ability to obtain this information in the future. Accordingly, these records are withheld, pursuant to Exemption 4. We also redact a federal receipt number confirming receipt of a payment under Exemption 4.

We redact an email exchange between Commission staff (which is part of a longer email chain which we release) discussing a communication with a member of the public under FOIA Exemption 5, which applies to "inter-agency and intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency[.]"<sup>8</sup> Exemption 5 encompasses the deliberative process privilege, which is intended to "prevent injury to the quality of agency decisions."<sup>9</sup> To fall within the scope of the deliberative process privilege encompassed by Exemption 5, records must be both pre-decisional and deliberative, "[reflecting] the give-and-take of the consultative process."<sup>10</sup> We have determined that it is reasonably foreseeable that disclosure of the material we redact would harm the Commission's deliberative processes, which Exemption 5 is intended to protect. Release of this material would chill deliberations within the Commission and impede the candid exchange of ideas.

We redact from the released documents discussions of personal matters pursuant to FOIA Exemption 6, which protects from disclosure information that "would constitute a clearly unwarranted invasion of personal privacy."<sup>11</sup> Consistent with the requirements of the FOIA Improvement Act of 2016, we have determined that it is reasonably foreseeable that disclosure would harm the privacy interests involved, which Exemption 6 is intended to protect.<sup>12</sup>

The FOIA requires that "any reasonably segregable portion of a record" must be released after appropriate application of the Act's exemptions.<sup>13</sup> The statutory standard requires the release of any portion of a record that is nonexempt and that is "reasonably segregable" from the exempt portion. However, when nonexempt information is "inextricably intertwined" with exempt information, reasonable segregation is not

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<sup>8</sup> 5 U.S.C. § 552(b)(5).

<sup>9</sup> *NLRB v. Sears Roebuck & Co.*, 421 U.S. 132, 151 (1975).

<sup>10</sup> *Senate of the Commonwealth of Puerto Rico v. DOJ*, 823 F. 2d 574, 585 (D.C. Cir. 1987).

<sup>11</sup> 5 U.S.C. § 552(b)(6) (Exemption 6); *see also Moore v. Bush*, 601 F. Supp. 2d 6, 14 (D.D.C. 2009) and *Electronic Frontier Foundation*, 26 FCC Rcd 13812, 13816, n.13 (2011) (personal email addresses and telephone numbers redacted pursuant to Exemption 6)).

<sup>12</sup> *See* FOIA Improvement Act of 2016, Pub. L. 114-185 § 2(1)(D); 5 U.S.C. § 552(a)(8)(A); *see also U.S. Department of Justice, Office of Information Policy, FOIA Post, President Obama's FOIA Memorandum and Attorney General Holder's FOIA Guidelines Creating a "New Era of Open Government,"* (2009), available at < <http://www.usdoj.gov/oip/foiapost/2009foiapost8.htm> > (recognizing that discretionary release of records is less likely when the requirements of Exemptions 6 are met for withholding records).

<sup>13</sup> 5 U.S.C. § 552(b) (sentence immediately following exemptions).

possible.<sup>14</sup> We have reviewed the material withheld and redacted to determine if any segregable parts may be released and released any information that we reasonably could.

Pursuant to section 0.466(a)(8) of the Commission's rules, you have been classified for fee purposes as category (3), "all other requesters."<sup>15</sup> As an "all other requester," the Commission assesses charges to recover the full, reasonable direct cost of searching for and reproducing records that are responsive to the request; however, "all other requesters" are entitled to be furnished with the first 100 pages of reproduction and the first two hours of search time without charge under section 0.470(a)(3)(i) of the Commission's rules.<sup>16</sup> There are no fees associated with reproducing the documents that we release to you because we are emailing them to you. Further, the search took less than two hours. You therefore will not be charged any fees.

If you consider this to be a denial of your FOIA request, you may seek review by filing an application for review with the Office of General Counsel. An application for review must be *received* by the Commission within 90 calendar days of the date of this letter.<sup>17</sup> You may file an application for review by mailing the application to the Federal Communications Commission, Office of General Counsel, 445 12<sup>th</sup> St. SW, Washington, DC 20554, or you may file your application for review electronically by e-mailing it to FOIA-Appeal@fcc.gov. Please caption the envelope (or subject line, if via e-mail) and the application itself as "Review of Freedom of Information Action."

If you would like to discuss this response before filing an application for review to attempt to resolve your dispute without going through the appeals process, you may contact the Commission's FOIA Public Liaison for assistance at:

FOIA Public Liaison  
Federal Communications Commission, Office of the Managing Director,  
Performance Evaluation and Records Management  
445 12<sup>th</sup> St., SW, Washington, DC 20554  
FOIA-Public-Liaison@fcc.gov

If you are unable to resolve your FOIA dispute through the Commission's FOIA Public Liaison, the Office of Government Information Services (OGIS), the Federal

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<sup>14</sup> *Mead Data Center Inc. v. Dep't of the Air Force*, 566 F.2d 242, 260 (D.C. Cir. 1977).

<sup>15</sup> 47 C.F.R. § 0.466(a)(8).

<sup>16</sup> 47 C.F.R. § 0.470(a)(3)(i).

<sup>17</sup> See 47 C.F.R. §§ 0.461(j), 1.115; 47 C.F.R. § 1.7 (documents are considered filed with the Commission upon their receipt at the location designated by the Commission).



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National Archives and Records Administration  
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202-741-5770  
877-684-6448  
ogis@nara.gov  
ogis.archives.gov

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Lyle". To the right of the signature, there is a small, stylized handwritten mark that appears to be "gms".

Elizabeth Lyle  
Assistant General Counsel  
Office of General Counsel

Attachments

cc: FOIA Officer

## Michelle Carey

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**From:** Rebecca Hanson <rjhanson@sbgvtv.com>  
**Sent:** Wednesday, January 25, 2017 12:56 PM  
**To:** Michelle Carey  
**Subject:** RE: Celebration for Bill Lake - January 26th

I am sorry. You will be missed.

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

**From:** Michelle Carey <Michelle.Carey@fcc.gov>  
**Date:** 1/25/17 12:36 PM (GMT-05:00)  
**To:** Rebecca Hanson <rjhanson@sbgvtv.com>  
**Subject:** RE: Celebration for Bill Lake - January 26th

Unfortunately, I can't make it but I am glad you all are feting Bill!

---

**From:** Rebecca Hanson [mailto:rjhanson@sbgvtv.com]  
**Sent:** Wednesday, January 25, 2017 12:33 PM  
**To:** Michelle Carey <Michelle.Carey@fcc.gov>  
**Subject:** RE: Celebration for Bill Lake - January 26th

Will you be joining us tonight?

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

**From:** Michelle Carey <Michelle.Carey@fcc.gov>  
**Date:** 1/25/17 12:21 PM (GMT-05:00)  
**To:** Michelle Carey <Michelle.Carey@fcc.gov>  
**Subject:** RE: Celebration for Bill Lake - January 26th

Hi all – Just a reminder about Bill's party tomorrow afternoon. Hope to see you there!

---

**From:** Michelle Carey  
**Sent:** Wednesday, January 11, 2017 12:20 PM  
**To:** Michelle Carey <Michelle.Carey@fcc.gov>  
**Subject:** Celebration for Bill Lake - January 26th

Dear Friend of Bill,

After nearly 8 years, Bill Lake is leaving the Commission. The Media Bureau is hosting a party in honor of Bill and his myriad accomplishments as its Chief. We hope that you will join us in wishing him a fond farewell. The celebration will take place on Thursday, January 26th in the Commission Meeting Room from 2 pm to 4 pm. The presentations will begin at 2:30 pm. Please RSVP to Carolyn Davis so that we can facilitate your admittance into the building. All relevant information is in the attached flyer. We look forward to seeing you!

Best,  
Michelle

## Michelle Carey

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**From:** Michelle Carey  
**Sent:** Sunday, March 05, 2017 7:30 PM  
**To:** John Lawson  
**Cc:** Fiona James; Rebecca J. Hanson; Amanda Ota  
**Subject:** RE: Invitation to see AWARN ATSC 3.0 Alert Demos at WJLA, Roslyn

All - Amendment below (Brendan and Evan B. won't be able to join – added two Seans). See you tomorrow morning!

---

**From:** Michelle Carey  
**Sent:** Thursday, February 23, 2017 10:13 PM  
**To:** 'John Lawson' <jlawson@awarn.org>  
**Cc:** Fiona James <fjames@awarn.org>; Rebecca J. Hanson <rjhanson@sbgvtv.com>; Amanda Ota <aaota@sbgvtv.com>  
**Subject:** RE: Invitation to see AWARN ATSC 3.0 Alert Demos at WJLA, Roslyn

Thank you for your kind email, John! We look forward to your input. Attending on 3/6 will be:

Michelle Carey  
Martha Heller  
Steve Broeckaert  
Kathy Berthot  
Kim Matthews  
Kevin Harding  
Hossein Hashemzadeh  
Evan Morris  
**Sean Yun**  
**Sean Mirzadegan**

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**From:** John Lawson [<mailto:jlawson@awarn.org>]  
**Sent:** Thursday, February 23, 2017 9:08 PM  
**To:** Michelle Carey <[Michelle.Carey@fcc.gov](mailto:Michelle.Carey@fcc.gov)>  
**Cc:** Fiona James <[fjames@awarn.org](mailto:fjames@awarn.org)>; Rebecca J. Hanson <[rjhanson@sbgvtv.com](mailto:rjhanson@sbgvtv.com)>; Amanda Ota <[aaota@sbgvtv.com](mailto:aaota@sbgvtv.com)>  
**Subject:** Re: Invitation to see AWARN ATSC 3.0 Alert Demos at WJLA, Roslyn

Michelle,

Thanks to you and your colleagues at the Media Bureau and OET for the all the hard work on the ATSC 3.0 NPRM and your recommendation to the Commission to approve it. We look forward to participating in the proceeding.

See you all soon.

---

*John M. Lawson*  
*Executive Director*  
*AWARN Alliance*

[jlawson@AWARN.org](mailto:jlawson@AWARN.org)

+1 (703) 347-7070

On Feb 23, 2017, at 10:10 AM, Michelle Carey <[Michelle.Carey@fcc.gov](mailto:Michelle.Carey@fcc.gov)> wrote:

(b) (6)

3/6 at 10 am

works great. We will have 10 folks from MB – combination of Policy and Video folks (plus me!). Just let us know where exactly to meet up with you. I can also send you a list of names if you need that for security purposes. Thanks!

---

**From:** Fiona James [<mailto:fiona@convg.com>]

**Sent:** Thursday, February 23, 2017 9:35 AM

**To:** Michelle Carey <[Michelle.Carey@fcc.gov](mailto:Michelle.Carey@fcc.gov)>; John Lawson <[jlawson@awarn.org](mailto:jlawson@awarn.org)>

**Cc:** Fiona James <[fjames@awarn.org](mailto:fjames@awarn.org)>; Rebecca J. Hanson <[rjhanson@sbgvtv.com](mailto:rjhanson@sbgvtv.com)>; Amanda Ota <[aaota@sbgvtv.com](mailto:aaota@sbgvtv.com)>

**Subject:** Re: Invitation to see AWARN ATSC 3.0 Alert Demos at WJLA, Roslyn

Good morning Michelle,

(b) (6)

Yes the morning of 3/6 works. Can we say 10am? To see the full ATSC 3.0 and AWARN demos it usually take 75-90 minutes. We are somewhat flexible with our start time that morning, so if 10am is not ideal, please let me know when is.

Kind regards,

**Fiona A. James**

*Consultant, Convergence Services, Inc.*

+1.703.347.7070

[www.convergenceservices.com](http://www.convergenceservices.com)

Fiona@convg.com

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**From:** Michelle Carey <Michelle.Carey@fcc.gov>  
**Date:** Friday, February 17, 2017 at 8:47 PM  
**To:** Fiona James <fiona@convg.com>, John Lawson <jlawson@awarn.org>  
**Cc:** Fiona James <fjames@awarn.org>, "Rebecca J. Hanson" <rjhanson@sbgstv.com>, Amanda Ota <aaota@sbgstv.com>  
**Subject:** RE: Invitation to see AWARN ATSC 3.0 Alert Demos at WJLA, Roslyn

Thanks Fiona! We will take the 3/6 morning slot if still available.

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**From:** Fiona James [mailto:fiona@convg.com]  
**Sent:** Thursday, February 16, 2017 2:20 PM  
**To:** Michelle Carey <Michelle.Carey@fcc.gov>; John Lawson <jlawson@awarn.org>  
**Cc:** Fiona James <fjames@awarn.org>; Rebecca J. Hanson <rjhanson@sbgstv.com>; Amanda Ota <aaota@sbgstv.com>  
**Subject:** Re: Invitation to see AWARN ATSC 3.0 Alert Demos at WJLA, Roslyn

Hi Michelle,

We can accommodate up to 10 people.

Have not reached out to OET yet, but plan on doing so.

I have followed up with Lisa Fowlkes office at PS&HS and John has reach out to Chairman Pai's office, following up on their conversation on at the Media Institute lunch on Tuesday.

*Fiona A. James*  
*Consultant, Convergence Services, Inc.*  
*+1.703.347.7070*  
*www.convergenceservices.com*  
*Fiona@convg.com*

---

**From:** Michelle Carey <Michelle.Carey@fcc.gov>  
**Date:** Thursday, February 16, 2017 at 1:31 PM  
**To:** Fiona James <fiona@convg.com>, John Lawson <jlawson@awarn.org>  
**Cc:** Fiona James <fjames@awarn.org>, "Rebecca J. Hanson" <rjhanson@sbgstv.com>, Amanda Ota <aaota@sbgstv.com>  
**Subject:** Re: Invitation to see AWARN ATSC 3.0 Alert Demos at WJLA, Roslyn

Thanks Fiona! We have a lot if interest. How many folks can you accommodate? Also, are you separately inviting OET? Thanks!

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

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**From:** Fiona James  
**Sent:** Thursday, February 16, 2017 12:36 PM  
**To:** Michelle Carey; John Lawson  
**Cc:** Fiona James; Rebecca J. Hanson; Amanda Ota  
**Subject:** Re: Invitation to see AWARN ATSC 3.0 Alert Demos at WJLA, Roslyn

Hi Michelle,

I've just spoken with Amanda Ota at SBG/WJLA and the dates that work for all us would be Friday March 3, Monday March 6 or the morning of Tuesday March 7.

Many thanks,

**Fiona A. James**  
Consultant, Convergence Services, Inc.  
+1.703.347.7070  
[www.convergenceservices.com](http://www.convergenceservices.com)  
[Fiona@convg.com](mailto:Fiona@convg.com)

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**From:** Michelle Carey <[Michelle.Carey@fcc.gov](mailto:Michelle.Carey@fcc.gov)>  
**Date:** Thursday, February 16, 2017 at 12:22 PM  
**To:** John Lawson <[jlawson@awarn.org](mailto:jlawson@awarn.org)>  
**Cc:** Fiona James <[fjames@awarn.org](mailto:fjames@awarn.org)>, "Rebecca J. Hanson" <[rjhanson@sbgstv.com](mailto:rjhanson@sbgstv.com)>, Amanda Ota <[aaota@sbgstv.com](mailto:aaota@sbgstv.com)>  
**Subject:** RE: Invitation to see AWARN ATSC 3.0 Alert Demos at WJLA, Roslyn

Hi John – It was great to see you as well! Thanks so much for following up about the demo. I would be interested as I imagine others from MB will be as well. Are there particular dates that we should choose from?

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**From:** John Lawson [<mailto:jlawson@awarn.org>]  
**Sent:** Thursday, February 16, 2017 12:19 PM  
**To:** Michelle Carey <[Michelle.Carey@fcc.gov](mailto:Michelle.Carey@fcc.gov)>  
**Cc:** Fiona James <[fjames@awarn.org](mailto:fjames@awarn.org)>; Rebecca J. Hanson <[rjhanson@sbgstv.com](mailto:rjhanson@sbgstv.com)>; Amanda Ota <[aaota@sbgstv.com](mailto:aaota@sbgstv.com)>  
**Subject:** Fwd: Invitation to see AWARN ATSC 3.0 Alert Demos at WJLA, Roslyn

Michelle,

It was great seeing you at the Media Institute luncheon. And congrats again on your newest assignment! You are a great choice for that key position during this time of great change and promise in the media industry.

I wanted you to see the invitation we extended to Chairman Pai to come see our new AWARN advanced alerting demos at WJLA. We also want to extend the invitation to you and any of your team. Please let Fiona James and me know some times that work for you, and we will coordinate with Rebecca Hanson at Sinclair and WJLA to get a visit scheduled.

I know you all are extremely busy, but we wanted to give you the opportunity to see the progress we've made toward one of the Chairman's priorities.

John

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*John M. Lawson*  
Executive Director  
AWARN Alliance

[jlawson@AWARN.org](mailto:jlawson@AWARN.org)  
[www.linkedin.com/in/johnmlawson](http://www.linkedin.com/in/johnmlawson)

## Michelle Carey

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**From:** Rebecca Hanson <rjhanson@sbgvtv.com>  
**Sent:** Friday, March 03, 2017 12:37 PM  
**To:** Michelle Carey  
**Subject:** RE: Hi Rebecca -

Super. Thanks for letting me know. Let's get together soon?

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

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**From:** Michelle Carey [mailto:Michelle.Carey@fcc.gov]  
**Sent:** Friday, March 03, 2017 12:36 PM  
**To:** Rebecca Hanson <rjhanson@sbgvtv.com>  
**Subject:** Hi Rebecca -

I got your vmail. I have to head out for the rest of the day but Barbara did fill me in on your conversation. Appreciate the clarification. Have a good weekend!



## Michelle Carey

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**From:** Michelle Carey  
**Sent:** Thursday, June 01, 2017 11:29 AM  
**To:** 'Rebecca Hanson'  
**Subject:** RE: CONGRATULATIONS!

Thank you for the kind note, Rebecca!

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**From:** Rebecca Hanson [mailto:rjhanson@sbgstv.com]  
**Sent:** Wednesday, May 31, 2017 11:06 AM  
**To:** Michelle Carey <Michelle.Carey@fcc.gov>  
**Subject:** CONGRATULATIONS!

Hello, Michelle.

I was secretly hoping that you would become MB Chief, and I am so glad it has happened. You are so qualified, thoughtful and knowledgeable. I look forward to working with you!

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

## Michelle Carey

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**From:** Michelle Carey  
**Sent:** Tuesday, May 09, 2017 2:38 PM  
**To:** 'Rosenstein, Mace'  
**Cc:** Miles S. Mason (miles.mason@pillsburylaw.com); Mary Beth Murphy; Barbara Kreisman; David Brown; Brittany Gomes  
**Subject:** RE: Sinclair/Tribune

Hi Mace - We are happy to meet with you all whenever you are ready. Copying (among others!) Brittany Gomes who can set it up and make sure the right people attend. Thanks!

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**From:** Rosenstein, Mace [mailto:MRosenstein@cov.com]  
**Sent:** Monday, May 08, 2017 11:11 AM  
**To:** Michelle Carey <Michelle.Carey@fcc.gov>  
**Cc:** Miles S. Mason (miles.mason@pillsburylaw.com) <miles.mason@pillsburylaw.com>  
**Subject:** Sinclair/Tribune

Hi Michelle --

FYI here is a link to the press announcement for the Sinclair/Tribune deal just announced. <http://www.tribunemedia.com/sinclair-broadcast-group-to-acquire-tribune-media-company-for-approximately-3-9-billion/>

I think the immediate headline for your purposes is that the FCC filing window under the contract is 20 business days; we wanted to flag that for your planning purposes. Miles and I will be in touch to propose a time for a call later this week, once we have a better sense of the number of applications, etc.

Best.

/MR

## Mace Rosenstein

Covington & Burling LLP  
One CityCenter, 850 Tenth Street, NW  
Washington, DC 20001-4956  
T +1 202 662 5460 | [mrosenstein@cov.com](mailto:mrosenstein@cov.com)  
[www.cov.com](http://www.cov.com)

## COVINGTON

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This message is from a law firm and may contain information that is confidential or legally privileged. If you are not the intended recipient, please immediately advise the sender by reply e-mail that this message has been inadvertently transmitted to you and delete this e-mail from your system. Thank you for your cooperation.

## Michelle Carey

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**From:** Rebecca Hanson <rjhanson@sbg.tv.com>  
**Sent:** Monday, May 08, 2017 9:39 AM  
**To:** Michelle Carey; Barbara Kreisman  
**Subject:** Press Release  
**Attachments:** SBG Trib Final.pdf

Good morning, Michelle and Barbara.

Attached is an announcement we made this morning about our proposal to acquire Tribune. There is an investor call at 11:00 (details in the release), which is also open to the press, if anyone from your staff would like to join. This call will be focused on the financials of the deal, so may not be on point for your staff. I just wanted you to be aware and feel welcome to listen in. We look forward to working with you on this transaction and will be in touch closer to our filing, which will likely be in a couple of weeks.

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

## News Release

### **SINCLAIR BROADCAST GROUP TO ACQUIRE TRIBUNE MEDIA COMPANY FOR APPROXIMATELY \$3.9 BILLION**

BALTIMORE and CHICAGO (May 8, 2017) -- Sinclair Broadcast Group, Inc. (Nasdaq: SBGI) ("Sinclair") and Tribune Media Company (NYSE: TRCO) ("Tribune") today announced that they have entered into a definitive agreement under which Sinclair will acquire 100% of the issued and outstanding shares of Tribune for \$43.50 per share, for an aggregate purchase price of approximately \$3.9 billion, plus the assumption of approximately \$2.7 billion in net debt.

Under the terms of the agreement, Tribune stockholders will receive \$35.00 in cash and 0.23 shares of Sinclair Class A common stock for each share of Tribune Class A common stock and Class B common stock they own. The total \$43.50 per share consideration represents a premium of approximately 26% over Tribune's unaffected closing share price on February 28, 2017, the day prior to media speculation regarding a possible transaction; approximately 14% over Tribune's 30-day volume weighted average closing stock price; and approximately 8% over Tribune's closing share price on May 5, 2017, the last trading day prior to today's announcement.

Tribune owns or operates 42 television stations in 33 markets, cable network WGN America, digital multicast network Antenna TV, minority stakes in the TV Food Network and CareerBuilder, and a variety of real estate assets. Tribune's stations, a list of which is available in Tribune's most recent Form 10-K filed on March 1, 2017, consist of 14 FOX, 12 CW, 6 CBS, 3 ABC, 2 NBC, 3 MyNetworkTV affiliates and 2 independent stations. The group includes stations in the top three DMAs in the country, seven in the top 10 and 34 in the top 50 DMAs.<sup>1</sup>

"This is a transformational acquisition for Sinclair that will open up a myriad of opportunities for the company," commented Chris Ripley, President and CEO of Sinclair. "The Tribune stations are highly complementary to Sinclair's existing footprint and will create a leading nationwide media platform that includes our country's largest markets. The acquisition will enable Sinclair to build ATSC 3.0 (Next Generation Broadcast Platform) advanced services, scale emerging networks and national sales, and integrate content verticals. The acquisition will also create substantial synergistic value through operating efficiencies, revenue streams, programming strategies and digital platforms."

"This will be the largest acquisition in our company's history, and I want to thank everyone from the Sinclair team, as well as our advisors and bankers who made this possible," commented David Smith, Executive Chairman of Sinclair. "Television broadcasting is even more relevant today, especially when it comes to serving our local communities. Tribune's stations allow Sinclair to strengthen our commitment to serving local communities and to advance the Next Generation Broadcast Platform. This acquisition will be a turning point for Sinclair, allowing us to better serve our viewers and advertisers while creating value for our shareholders."

"Today's announcement is the culmination of an extensive strategic review, which has delivered significant value to our stockholders," said Peter Kern, Tribune's Chief Executive Officer. "Since we announced the strategic review 15 months ago, we have streamlined the business, monetized non-core assets, strengthened our balance sheet and returned more than \$800 million to stockholders -- all of which has resulted in a 50% increase in stockholder value. We are extremely proud to join Sinclair,

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<sup>1</sup> "DMAs" are television designated market areas according to the Nielsen Company. The rankings are in terms of size of the DMA out of the 210 generally recognized DMAs in the United States.

and we're excited that Tribune stockholders and employees will have the opportunity to participate in the long-term growth of the combined company."

The transaction has been unanimously approved by the Boards of Directors of both companies and is anticipated to close and fund in the fourth quarter of 2017. Completion of the transaction is subject to approval by Tribune's stockholders, as well as customary closing conditions, including approval by the Federal Communications Commission ("FCC"), and antitrust clearance.

Sinclair expects to fund the purchase price at closing through a combination of cash on hand, fully committed debt financing to be provided by JPMorgan Chase Bank, N.A., Royal Bank of Canada, Deutsche Bank AG New York Branch and Deutsche Bank Securities Inc. and by accessing the capital markets.

In order to comply with FCC ownership requirements and antitrust regulations, Sinclair may sell certain stations in markets where it currently owns stations. Such divestitures will be determined through the regulatory approval process.

Including the Tribune acquisition (before any related divestitures), all previously announced pending transactions, and pro forma for expected synergies, Sinclair's 2015 and 2016 media revenues would have been \$4.070 billion and \$4.603 billion, respectively. The \$6.6 billion enterprise value represents an average pro forma EBITDA multiple of less than 7.0x on the core television and entertainment business and is expected to add over 40% pro forma 2016/2017 free cash flow per share accretion<sup>2</sup>.

**Sinclair Advisors:**

J.P. Morgan Securities LLC acted as exclusive financial advisor. Fried, Frank, Harris, Shriver & Jacobson LLP, Pillsbury Winthrop Shaw Pittman LLP and Thomas & Libowitz P.A. acted as legal advisors to Sinclair in connection with this transaction.

**Tribune Media Advisors:**

Moelis & Company and Guggenheim Securities acted as financial advisors and Debevoise & Plimpton LLP and Covington & Burling LLP acted as legal advisors to Tribune in connection with this transaction.

**Investor Call:**

The senior management of Sinclair intends to hold a conference call to discuss the acquisition of Tribune on Monday, May 8, 2017 at 11:00 a.m. ET. After the call, an audio replay will be available at [www.sbgnet.net](http://www.sbgnet.net). The press and the public will be welcome on the call in a listen-only mode. The dial-in number is (877) 407-8033. A slide presentation is available during the call and can be accessed at <http://www.investorcalendar.com/IC/CEPage.asp?ID=175940>

Tribune will release its first quarter results, and host an investor call, as previously scheduled, prior to market open, on Wednesday, May 10, 2017. The investor call will begin at 8:30 a.m. ET and can be accessed by dialing 888-317-6003 (domestic) or 412-317-6061 (international). The confirmation code is 2831845.

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<sup>2</sup> Sinclair management considers free cash flow to be an indicator of Sinclair's assets' operating performance. Sinclair management also believes that free cash flow is a commonly used measure of valuation for companies in the broadcast industry. In addition, this measure is frequently used by industry analysts, investors and lenders as a measure of valuation for broadcast companies, although their definitions of free cash flow may differ from Sinclair's definition. Sinclair believes this measure serves as a valuable assessment tool for investors to identify potential trends in the company's performance. For the definition of free cash flow, please refer to Sinclair's website: <http://sbgi.net/investor-relations/#NonGAAP>.

**About Sinclair Broadcast Group, Inc.:**

Sinclair is one of the largest and most diversified television broadcasting companies in the country. Pro forma for the Tribune acquisition (before any related divestitures) and all previously announced pending transactions, the Company will own, operate and/or provide services to 233 television stations in 108 markets. The Company has multiple emerging networks as well as being affiliated with all the major networks. Sinclair is a leading local news provider in the country and a producer of live sports content. Sinclair's content is delivered via multiple-platforms, including over-the-air, multi-channel video program distributors, and digital platforms. The Company regularly uses its website as a key source of Company information which can be accessed at [www.sbgi.net](http://www.sbgi.net).

**About Tribune Media Company:**

Tribune Media Company (NYSE: TRCO) is home to a diverse portfolio of television and digital properties driven by quality news, entertainment and sports programming. Tribune is comprised of Tribune Broadcasting's 42 owned or operated local television stations reaching approximately 50 million households, national entertainment cable network WGN America, whose reach is approximately 80 million households, Tribune Studios, and a variety of digital applications and websites commanding 60 million monthly unique visitors online. Tribune also includes Chicago's WGN-AM and the national multicast networks Antenna TV and THIS TV. Additionally, Tribune owns and manages a significant number of real estate properties across the U.S. and holds a variety of investments, including a 32% interest in CareerBuilder, LLC and a 31% interest in Television Food Network, G.P., which operates Food Network and Cooking Channel. For more information please visit [www.investors.tribunemedia.com](http://www.investors.tribunemedia.com).

**Forward-Looking Statements:**

Certain statements and information in this communication may be deemed to be "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Forward-looking statements may include, but are not limited to, statements relating to Tribune's and Sinclair's objectives, plans and strategies, and all statements (other than statements of historical facts) that address activities, events or developments that Tribune and Sinclair intend, expect, project, believe or anticipate will or may occur in the future. These statements are often characterized by terminology such as "believe," "hope," "may," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy" and similar expressions, and are based on assumptions and assessments made by Tribune's and Sinclair's management in light of their experience and their perception of historical trends, current conditions, expected future developments, and other factors they believe to be appropriate. Any forward-looking statements in this communication are made as of the date hereof, and Tribune and Sinclair undertake no duty to update or revise any such statements, whether as a result of new information, future events or otherwise. Forward-looking statements are not guarantees of future performance. Whether actual results will conform to expectations and predictions is subject to known and unknown risks and uncertainties, including: risks and uncertainties discussed in the reports that Tribune and Sinclair have filed with the Securities and Exchange Commission (the "SEC"); general economic, market, or business conditions; risks associated with the ability to consummate the business combination between Tribune and Sinclair and the timing of the closing of the business combination; the risk that a regulatory approval that may be required for the proposed transaction is delayed, is not obtained or is obtained subject to conditions that are not anticipated; pricing fluctuations in local and national advertising; future regulatory actions and conditions in the television stations' operating areas; competition from others in the broadcast television markets; volatility in programming costs; the ability to successfully integrate Tribune's and Sinclair's operations and employees; the ability to realize anticipated benefits and synergies of the business combination; the potential impact of announcement of the business combination or consummation of the transaction on relationships, including with employees, customers and competitors; and other circumstances beyond Tribune's and Sinclair's control. Refer to the section entitled "Risk Factors" in Tribune's and

Sinclair's annual and quarterly reports filed with the SEC and in the Form S-4 to be filed by Sinclair with the SEC at a future date for a discussion of important factors that could cause actual results, developments and business decisions to differ materially from forward-looking statements.

**No Offer or Solicitation / Additional Information and Where to Find It:**

This communication is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote or approval, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

This communication is being made in respect of a proposed business combination involving Sinclair and Tribune. In connection with the proposed transaction, Tribune and Sinclair intend to file relevant materials with the SEC, including a Registration Statement on Form S-4 to be filed by Sinclair that will include a preliminary proxy statement of Tribune and that will also constitute a prospectus of Sinclair. The information in the preliminary proxy statement/prospectus will not be complete and may be changed. Tribune will deliver the definitive proxy statement to its shareholders as required by applicable law. This communication is not a substitute for any prospectus, proxy statement or any other document that may be filed with the SEC in connection with the proposed business combination.

INVESTORS AND SECURITY HOLDERS OF SINCLAIR AND TRIBUNE ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

Investors and security holders will be able to obtain these materials (when they are available) and other documents filed with the SEC free of charge at the SEC's website, [www.sec.gov](http://www.sec.gov). Copies of documents filed with the SEC by Sinclair (when they become available) may be obtained free of charge on Sinclair's website at [www.sbgj.net](http://www.sbgj.net) or by directing a written request to Sinclair at 10706 Beaver Dam Road, Hunt Valley, MD 21030, Attention: Lucy A. Rutishauser. Copies of documents filed with the SEC by Tribune (when they become available) may be obtained free of charge on Tribune's website at [www.tribunemedia.com](http://www.tribunemedia.com).

**Participants in the Merger Solicitation:**

Tribune and its directors, executive officers and certain other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding these persons who may, under the rules of the SEC, be considered participants in the solicitation of Tribune stockholders in connection with the proposed transaction is set forth in the proxy statement/prospectus described above filed with the SEC. Additional information regarding Tribune's executive officers and directors is included in Tribune's proxy statement for its 2017 annual meeting of shareholders filed with the SEC on March 24, 2017 which can be obtained free of charge from the sources indicated above.

###

Sinclair Investor Contact:

Lucy Rutishauser, SVP & CFO  
(410) 568-1500

Sinclair Media Contact:

Chelsea Koski

(202) 360-6230

Tribune Media Contact:

Gary Weitman, SVP, Corporate Relations  
(312) 222-3394

Tribune Investor Contact:

Jamie Arestia, Director  
(646) 563-8296



## Michelle Carey

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**From:** Rebecca Hanson <rjhanson@sbgvtv.com>  
**Sent:** Tuesday, April 18, 2017 6:24 PM  
**To:** Michelle Carey  
**Subject:** RE: Pam Gallant

And I can't think of anyone nicer to break the news to us when the money runs out! ☹ Hope to see you soon.

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Michelle Carey [mailto:Michelle.Carey@fcc.gov]  
**Sent:** Tuesday, April 18, 2017 6:14 PM  
**To:** Rebecca Hanson <rjhanson@sbgvtv.com>  
**Subject:** Re: Pam Gallant

Rebecca - It is so refreshing to get such a kind and encouraging email like yours. Thank you! It is not often that the industry fully understands how hard folks like Pam are working to make the transition as successful as possible. She is very committed to doing the right thing and doing her job well. Thank you for recognizing that!

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

---

**From:** Rebecca Hanson  
**Sent:** Tuesday, April 18, 2017 4:43 PM  
**To:** Michelle Carey  
**Subject:** Pam Gallant

Hi Michelle,

I just wanted you to know how much we appreciate Pam Gallant heading up the reimbursement effort. She has such a mature, positive attitude, especially considering all the uncertainties, complicated questions, and anxiety that a lot of broadcasters have with respect to this process. I feel like the process is in very good hands and look forward to working with her. One less thing you have to worry about!

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

## Sima Chowdhury

---

**From:** Rebecca Hanson <rjhanson@sbgvtv.com>  
**Sent:** Friday, January 27, 2017 10:04 AM  
**To:** Lyle Elder; Martha Heller  
**Cc:** David Bochenek  
**Subject:** RE: Delivering Compliance Report #1

Ok. I will drop the original in the mail sometime next week. Thanks for your help on this!

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Lyle Elder [mailto:Lyle.Elder@fcc.gov]  
**Sent:** Friday, January 27, 2017 8:43 AM  
**To:** Rebecca Hanson ; Martha Heller  
**Cc:** David Bochenek  
**Subject:** RE: Delivering Compliance Report #1

Thanks, Rebecca! There is no need for you to hand deliver, you can just have the hard copy sent or delivered however is easiest now that we have the electronic signed copy. I pasted 16(e) below, which has the address for the submission. Have a happy Friday!

Regards,

Lyle

(e) All Compliance Reports shall be submitted to the Chief, Policy Division, Media Bureau, Federal Communications Commission, 445 12th Street, SW, Room 4-A766, Washington, DC 20554, and submitted electronically to Martha Heller at [Martha.Heller@fcc.gov](mailto:Martha.Heller@fcc.gov) and Lyle Elder at [Lyle.Elder@fcc.gov](mailto:Lyle.Elder@fcc.gov).

---

**From:** Rebecca Hanson [mailto:rjhanson@sbgvtv.com]  
**Sent:** Thursday, January 26, 2017 5:41 PM  
**To:** Lyle Elder <[Lyle.Elder@fcc.gov](mailto:Lyle.Elder@fcc.gov)>; Martha Heller <[Martha.Heller@fcc.gov](mailto:Martha.Heller@fcc.gov)>  
**Cc:** David Bochenek <[DBochenek@sbgvtv.com](mailto:DBochenek@sbgvtv.com)>  
**Subject:** RE: Delivering Compliance Report #1

Ooops. Sorry for the confusion. Dave Bochenek just pointed out that I accidentally sent the word version. Good thing he is the Compliance Officer!

Attached is the signed PDF. Let me know if you would like the original. Otherwise, I think this satisfies our first report delivery?

Rebecca

**Rebecca Hanson**

Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Rebecca Hanson

**Sent:** Thursday, January 26, 2017 5:21 PM

**To:** 'Lyle Elder' <[Lyle.Elder@fcc.gov](mailto:Lyle.Elder@fcc.gov)>; Martha Heller <[Martha.Heller@fcc.gov](mailto:Martha.Heller@fcc.gov)>

**Cc:** David Bochenek <[DBochenek@sbgvtv.com](mailto:DBochenek@sbgvtv.com)>

**Subject:** RE: Delivering Compliance Report #1

Thanks, Lyle. To clarify, what I emailed you is a PDF of the signed report and certification. So you actually have a fully executed compliance report now. As I think of it, since I would only be hand delivering a print out of the PDF, it seems you could print it out for the same result!

Based on that, we might be done? I am still happy to deliver the original if you want it.

Rebecca

**Rebecca Hanson**

Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Lyle Elder [<mailto:Lyle.Elder@fcc.gov>]

**Sent:** Thursday, January 26, 2017 5:06 PM

**To:** Rebecca Hanson <[rjhanson@sbgvtv.com](mailto:rjhanson@sbgvtv.com)>; Martha Heller <[Martha.Heller@fcc.gov](mailto:Martha.Heller@fcc.gov)>

**Cc:** David Bochenek <[DBochenek@sbgvtv.com](mailto:DBochenek@sbgvtv.com)>

**Subject:** RE: Delivering Compliance Report #1

Rebecca,

The printed PDF of the signed copy will be fine for the delivery; thank you for checking. If you could also email us the signed copy when you have it, it would be much appreciated, but there is no urgency.

Regards,

Lyle

---

**From:** Rebecca Hanson [<mailto:rjhanson@sbgvtv.com>]

**Sent:** Thursday, January 26, 2017 4:14 PM

**To:** Martha Heller <[Martha.Heller@fcc.gov](mailto:Martha.Heller@fcc.gov)>; Lyle Elder <[Lyle.Elder@fcc.gov](mailto:Lyle.Elder@fcc.gov)>

**Cc:** David Bochenek <[DBochenek@sbgvtv.com](mailto:DBochenek@sbgvtv.com)>

**Subject:** Delivering Compliance Report #1

Hello Martha and Lyle,

Nice seeing you this afternoon. It really feels like the end of an era with Bill leaving the Media Bureau.

As I mentioned, Martha, attached is our first compliance report for the retrans matter. I was planning to hand deliver a hard copy tomorrow. What would the best way be for me to do that? It is a PDF. Do you want an original? If so, I won't have an original until late Friday, so would have to drop it off on Monday. Just let me know what your preference is.

Rebecca

**Rebecca Hanson**

Senior Vice President, Strategy and Policy

Sinclair Broadcast Group

703-236-9236 (office)

202-256-2116 (cell)

## Sima Chowdhury

---

**From:** Rebecca Hanson <rjhanson@sbgstv.com>  
**Sent:** Thursday, January 26, 2017 5:41 PM  
**To:** Lyle Elder; Martha Heller  
**Cc:** David Bochenek  
**Subject:** RE: Delivering Compliance Report #1  
**Attachments:** Compliance with Consent Decree - SBG-FCC.PDF

Ooops. Sorry for the confusion. Dave Bochenek just pointed out that I accidentally sent the word version. Good thing he is the Compliance Officer!

Attached is the signed PDF. Let me know if you would like the original. Otherwise, I think this satisfies our first report delivery?

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Rebecca Hanson  
**Sent:** Thursday, January 26, 2017 5:21 PM  
**To:** 'Lyle Elder' ; Martha Heller  
**Cc:** David Bochenek  
**Subject:** RE: Delivering Compliance Report #1

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Based on that, we might be done? I am still happy to deliver the original if you want it.

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Lyle Elder [<mailto:Lyle.Elder@fcc.gov>]  
**Sent:** Thursday, January 26, 2017 5:06 PM  
**To:** Rebecca Hanson <[rjhanson@sbgstv.com](mailto:rjhanson@sbgstv.com)>; Martha Heller <[Martha.Heller@fcc.gov](mailto:Martha.Heller@fcc.gov)>  
**Cc:** David Bochenek <[DBochenek@sbgstv.com](mailto:DBochenek@sbgstv.com)>  
**Subject:** RE: Delivering Compliance Report #1

Rebecca,

The printed PDF of the signed copy will be fine for the delivery; thank you for checking. If you could also email us the signed copy when you have it, it would be much appreciated, but there is no urgency.

Regards,

Lyle

---

**From:** Rebecca Hanson [<mailto:rjhanson@sbgstv.com>]  
**Sent:** Thursday, January 26, 2017 4:14 PM  
**To:** Martha Heller <[Martha.Heller@fcc.gov](mailto:Martha.Heller@fcc.gov)>; Lyle Elder <[Lyle.Elder@fcc.gov](mailto:Lyle.Elder@fcc.gov)>  
**Cc:** David Bochenek <[DBochenek@sbgstv.com](mailto:DBochenek@sbgstv.com)>  
**Subject:** Delivering Compliance Report #1

Hello Martha and Lyle,

Nice seeing you this afternoon. It really feels like the end of an era with Bill leaving the Media Bureau.

As I mentioned, Martha, attached is our first compliance report for the retrans matter. I was planning to hand deliver a hard copy tomorrow. What would the best way be for me to do that? It is a PDF. Do you want an original? If so, I won't have an original until late Friday, so would have to drop it off on Monday. Just let me know what your preference is.

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

## Sima Chowdhury

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**From:** Reed, Eve <ereed@wileyrein.com>  
**Sent:** Friday, September 9, 2016 1:47 PM  
**To:** Martha Heller  
**Cc:** Lyle Elder  
**Subject:** RE: Sinclair/third-party LOIs

Martha & Lyle,

As I understand it, the letters were sent out last week, which I greatly appreciate.

I was hoping to receive copies of the letters for Sinclair's records, can you please send them to me?

Thank you,  
Eve

Eve Klindera Reed | Attorney at Law  
Wiley Rein LLP  
1776 K Street NW | Washington, DC 20006  
T: 202.719.7404 | [EReed@wileyrein.com](mailto:EReed@wileyrein.com)  
[www.wileyrein.com](http://www.wileyrein.com) | [Bio](#) | [LinkedIn](#) | [Twitter](#) | [WileyonMedia Blog](#)

---

**From:** Martha Heller [<mailto:Martha.Heller@fcc.gov>]  
**Sent:** Friday, August 26, 2016 9:03 AM  
**To:** Reed, Eve  
**Cc:** Lyle Elder  
**Subject:** Sinclair/third-party LOIs

Hi Eve,

We're aiming to send the letters out next week. We'll let you know if that slips – things are a bit crazy here these days, but hopefully we can get them out before the end of the week.

Thanks,  
Martha

Martha E. Heller  
Chief, Policy Division, Media Bureau  
Federal Communications Commission  
445 12<sup>th</sup> Street SW, Room 4-A766  
Washington, DC 20554  
(t) 202.418.0426  
[Martha.Heller@fcc.gov](mailto:Martha.Heller@fcc.gov)

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## Sima Chowdhury

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**From:** Reed, Eve <ereed@wileyrein.com>  
**Sent:** Friday, August 26, 2016 9:48 AM  
**To:** Martha Heller  
**Cc:** Lyle Elder  
**Subject:** RE: Sinclair/third-party LOIs

Martha,

Thanks very much for the update and confirmation, I really appreciate it.

--Eve

Eve Klindera Reed | Attorney at Law  
**Wiley Rein LLP**  
1776 K Street NW | Washington, DC 20006  
T: 202.719.7404 | EReed@wileyrein.com  
[www.wileyrein.com](http://www.wileyrein.com) | [Bio](#) | [LinkedIn](#) | [Twitter](#) | [WileyonMedia Blog](#)

---

**From:** Martha Heller [mailto:Martha.Heller@fcc.gov]  
**Sent:** Friday, August 26, 2016 9:03 AM  
**To:** Reed, Eve  
**Cc:** Lyle Elder  
**Subject:** Sinclair/third-party LOIs

Hi Eve,

We're aiming to send the letters out next week. We'll let you know if that slips – things are a bit crazy here these days, but hopefully we can get them out before the end of the week.

Thanks,  
Martha

Martha E. Heller  
Chief, Policy Division, Media Bureau  
Federal Communications Commission  
445 12<sup>th</sup> Street SW, Room 4-A766  
Washington, DC 20554  
(t) 202.418.0426  
[Martha.Heller@fcc.gov](mailto:Martha.Heller@fcc.gov)

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## Sima Chowdhury

---

**From:** Reed, Eve <ereed@wileyrein.com>  
**Sent:** Tuesday, January 19, 2016 5:37 PM  
**To:** Lyle Elder  
**Cc:** Martha Heller; Wiley, Richard  
**Subject:** Sinclair Response to Letter of Inquiry - Courtesy Copy  
**Attachments:** Sinclair Response to Letter of Inquiry (1-19-16).PDF

Mr. Elder,

Attached is a courtesy copy of Sinclair's response to the Bureau's November 20, 2015 Letter of Inquiry, as filed with the Secretary's office today. This copy includes the exhibits except for Exhibit D, which consists of voluminous documents that were submitted on a disc with the hard copy.

Best regards,  
Eve Reed

Eve Klindera Reed | Attorney At Law | **Wiley Rein LLP** | 1776 K Street NW | Washington, DC 20006  
(Tel) 202.719.7404 | (Fax) 202.719.7049 | EReed@wileyrein.com

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## Sima Chowdhury

---

**From:** Brendan Holland  
**Sent:** Thursday, May 12, 2016 12:09 PM  
**To:** 'Rebecca Hanson'  
**Subject:** RE: Need to postpone Thursday's meeting

Okay, sounds good, thanks Rebecca.

---

**From:** Rebecca Hanson [mailto:rjhanson@sbgvtv.com]  
**Sent:** Thursday, May 12, 2016 11:02 AM  
**To:** Brendan Holland  
**Subject:** Need to postpone Thursday's meeting

Hi Brendan.

I now have to cancel our meeting on Thursday, as I need to be at our Baltimore headquarters about something else. I'm sorry about that, but at least you have gotten back an hour of your week! I will be back in touch with alternative times.

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Brendan Holland [mailto:Brendan.Holland@fcc.gov]  
**Sent:** Tuesday, May 03, 2016 1:15 PM  
**To:** Rebecca Hanson <rjhanson@sbgvtv.com>  
**Subject:** RE: Question about the Quadrennial Review

Sounds good, thanks.

---

**From:** Rebecca Hanson [mailto:rjhanson@sbgvtv.com]  
**Sent:** Tuesday, May 03, 2016 1:06 PM  
**To:** Brendan Holland <Brendan.Holland@fcc.gov>  
**Subject:** RE: Question about the Quadrennial Review

Just me.

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Brendan Holland [mailto:Brendan.Holland@fcc.gov]  
**Sent:** Tuesday, May 03, 2016 1:01 PM

**To:** Rebecca Hanson <[rjhanson@sbg.tv](mailto:rjhanson@sbg.tv)>  
**Subject:** RE: Question about the Quadrennial Review

Yes, that's fine. And how many folks, or will it be just you?

---

**From:** Rebecca Hanson [<mailto:rjhanson@sbg.tv>]  
**Sent:** Tuesday, May 03, 2016 1:00 PM  
**To:** Brendan Holland <[Brendan.Holland@fcc.gov](mailto:Brendan.Holland@fcc.gov)>  
**Subject:** RE: Question about the Quadrennial Review

Likewise. Shall I ask for you when I arrive?

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Brendan Holland [<mailto:Brendan.Holland@fcc.gov>]  
**Sent:** Tuesday, May 03, 2016 12:59 PM  
**To:** Rebecca Hanson <[rjhanson@sbg.tv](mailto:rjhanson@sbg.tv)>  
**Subject:** RE: Question about the Quadrennial Review

Sounds good Rebecca, I'm putting it on the calendar and look forward to seeing you then.

---

**From:** Rebecca Hanson [<mailto:rjhanson@sbg.tv>]  
**Sent:** Tuesday, May 03, 2016 12:00 PM  
**To:** Brendan Holland <[Brendan.Holland@fcc.gov](mailto:Brendan.Holland@fcc.gov)>  
**Subject:** RE: Question about the Quadrennial Review

Terrific, Brendan. How about 2:00 on Thursday the 19<sup>th</sup>?

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Brendan Holland [<mailto:Brendan.Holland@fcc.gov>]  
**Sent:** Tuesday, May 03, 2016 11:41 AM  
**To:** Rebecca Hanson <[rjhanson@sbg.tv](mailto:rjhanson@sbg.tv)>  
**Subject:** RE: Question about the Quadrennial Review

Rebecca-

For the week of 5/16, I think Thursday 5/19 sometime between 10-11:30 AM or 2-4:30 PM, and Friday 5/20 1-4:30 PM look like the best windows for this end.

Regards,  
Brendan

---

**From:** Rebecca Hanson [<mailto:rjhanson@sbg.tv>]  
**Sent:** Tuesday, May 03, 2016 10:37 AM  
**To:** Brendan Holland <[Brendan.Holland@fcc.gov](mailto:Brendan.Holland@fcc.gov)>  
**Subject:** RE: Question about the Quadrennial Review

Just tried to call, but realized you may be in Bill's staff meeting! I am around all day, if you would like to call when you have a short moment.

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

---

**From:** Brendan Holland [<mailto:Brendan.Holland@fcc.gov>]  
**Sent:** Monday, May 02, 2016 4:50 PM  
**To:** Rebecca Hanson <[rjhanson@sbg.tv](mailto:rjhanson@sbg.tv)>  
**Subject:** RE: Question about the Quadrennial Review

Rebecca,

I gave you a ring and left a message, but figured I'd follow up by email too. I'll be around until about 6 PM tonight and generally available tomorrow as well. You can reach me at 202/ 418-2757.

Regards,  
Brendan

---

**From:** Rebecca Hanson [<mailto:rjhanson@sbg.tv>]  
**Sent:** Monday, May 02, 2016 2:07 PM  
**To:** Brendan Holland <[Brendan.Holland@fcc.gov](mailto:Brendan.Holland@fcc.gov)>  
**Subject:** Question about the Quadrennial Review

Hello Brendan.

Even though we didn't work together, you might remember that I was in the Media Bureau working on the incentive auction for a number of years, before leaving for Sinclair Broadcast Group. Now I have a few questions about the status of the Quadrennial Review. I understand that you are heading that up now (in addition to all of IAD!).

Would you have a few minutes to chat by phone, maybe this afternoon or tomorrow? Just let me know what would be convenient for you. I appreciate your time.

Best regards,  
Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

## Sima Chowdhury

---

**From:** Rebecca Hanson <rjhanson@sbgstv.com>  
**Sent:** Friday, July 22, 2016 5:40 PM  
**To:** Rebecca Hanson  
**Cc:** Catherine Farley  
**Subject:** Sinclair Broadcast Group Covers Heroin Abuse  
**Attachments:** Sinclair Hooked on Heroin Stories.pdf

Good Afternoon, Media Bureau.

You may have heard that Congress passed sweeping legislation this month addressing painkiller abuse and the heroin addiction that often follows.

Since 2013, Sinclair has produced hundreds of local news stories and 11 town halls about the devastating impact of opioid misuse in our communities, how it got to this point, and what local leaders are doing about it. Many of these stories are archived on our stations' websites in our digital series "*Hooked on Heroin*". Attached is a list of links to around 70 of our more recent stories from stations across the country.

WJLA, our ABC affiliate here in DC, recently ran a six-part investigative series on the "*Heroin Highway*", following the path of suppliers and addicts along Interstates 70 and 81 through Maryland, West Virginia and Virginia. Here is the first installment. <http://wjla.com/features/hooked-on-heroin/heroin-highway-part-1-baltimore-lets-start-at-the-beginning>

This is just one way that Sinclair Broadcast Group informs and empowers our local communities on issues that impact us at home and on a national level.

Rebecca

**Rebecca Hanson**

Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

## Sima Chowdhury

---

**From:** Rebecca Hanson <rjhanson@sbgstv.com>  
**Sent:** Wednesday, July 13, 2016 3:22 PM  
**To:** Rebecca Hanson  
**Subject:** Sinclair Announces First Diversity Scholarship Winners  
**Attachments:** Sinclair Scholarship Press Release.pdf

Good Afternoon, Media Bureau.

I thought you might be interested in meeting the inaugural class of Sinclair's broadcast diversity scholars. We launched a \$500,000 scholarship fund back in February to invest in future broadcast talent. We are very excited about this program and look forward to seeing it grow over the coming years. Here they are! <https://vimeo.com/174374177>

Rebecca

### Rebecca Hanson

Senior Vice President, Strategy and Policy, Sinclair Broadcast Group  
703-236-9236 (o), 202-256-2116 (c)

\*\*\*\*\*

Today Sinclair Broadcast Group announced its 2016 scholarship recipients. The \$500,000 Sinclair Broadcast Diversity Scholarship Fund was established in 2015 to reward students aspiring to careers in broadcast journalism. Sinclair staff across the country awarded \$43,000 to nine exceptional applicants, all of whom share Sinclair's desire to make a positive difference in their communities. These students are extremely talented and include first generation college students, volunteers for local charities, interns at local radio and TV broadcast stations, writers and producers for college newspapers and presidents of associations.

The Fund complements Sinclair's existing widespread internship program, as well as Sinclair's long-standing relationships with numerous colleges, including historically black colleges and universities, in markets where Sinclair has stations. This Fund is another way for Sinclair to invest in the future of broadcast television, by ensuring that students dedicated to careers in broadcasting can complete their educations.

Congratulations to the inaugural class of Sinclair Broadcast Diversity Scholarship Fund recipients!



**Elijah Baker** is from Southfield, Michigan.

Elijah attends the Wayne State University and majors in Broadcast Journalism. He volunteers at the Wayne State inner-city youth. He is a member of his school's Journalism Institute for Media Diversity and writes weekly for his school's newspaper.

**Maria Rodriguez** is from Delano, California.

Maria attends California State University, Bakersfield, and double majors in Spanish and Communication Journalism. She is a member of the Bakersfield Women's Business Conference R.O.S.E. mentee program and a multimedia reporter at her school's newspaper, The Runner.





**Kiarra Powell** is from Mount Bethel, Pennsylvania.

Kiarra attends Pennsylvania State University and majors in Broadcast Journalism and minors in The member station serving central Pennsylvania, WSPU, and is a web writer for Penn State's lifestyle mag



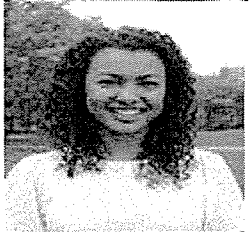
**Charlie Kadado** is from Macomb, Michigan.

Charlie attends the Wayne State University and majors in Broadcast Journalism. He works as a re government-owned station. There he covers local crime, courts and schools for a weekly news program



**Barbara Estrada** is from Myrtle Beach, South Carolina.

Barbara attends the University of Southern California and is majoring in broadcast journalism. She producer and assignment desk editor for USC's Annenberg TV. She is also the president and founder of Hispanic Journalists chapter.



**Malika Andrews** is from Oakland, California.

Malika attends the University of Portland and majors in Organizational Communication Studies with correspondent for the Associated Press and a sports editor at her school's newspaper, The Beacon.



**Zahra Haider** is from Houston, Texas.

Zahra attends Northwestern University and is majoring in Broadcast Journalism. She is a Chicago Journalist. She is also a Gilman, National Merit Commended and Quest Bridge Scholar.



**Jasmine Arenas** is from Compton, California.

Jasmine attends California State University, Fullerton, and is majoring in Communications. She is the and Tourism club at her school. She is a reporter, producer and content manager for her school's online



**Judith Saldivar** is from Hanford, California.

Judith attends California State University, Fresno, and is majoring in Mass Communication and Journalism. She is a member of the local Radio and Television Digital News Association club. She also interns at a local radio broadcast station

## Barbara Kreisman

---

**From:** Barbara Kreisman  
**Sent:** Monday, April 17, 2017 10:23 AM  
**To:** 'Rebecca Hanson'  
**Subject:** RE: Lunch?

David is not going to the NAB, and I am leaving Tuesday right after the Chairman speaks.

---

**From:** Rebecca Hanson [mailto:rjhanson@sbgvtv.com]  
**Sent:** Monday, April 17, 2017 10:22 AM  
**To:** Barbara Kreisman <Barbara.Kreisman@fcc.gov>; David Brown <David.Brown@fcc.gov>  
**Subject:** Lunch?

Hi Barbara and David. Any chance we could all get together for lunch after the NAB show? It is long overdue (my fault), and what better way to kick off the lovely spring weather?

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

## Barbara Kreisman

---

**From:** Rebecca Hanson <rjhanson@sbgvtv.com>  
**Sent:** Thursday, November 03, 2016 10:56 AM  
**To:** Barbara Kreisman  
**Cc:** David Brown  
**Subject:** RE: question about SSA filing requirement

Thanks! I am headed out for a meeting, but, David, can we chat tomorrow morning? Is there a convenient time for me to call you?

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

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**From:** Barbara Kreisman [mailto:Barbara.Kreisman@fcc.gov]  
**Sent:** Thursday, November 03, 2016 10:54 AM  
**To:** Rebecca Hanson <rjhanson@sbgvtv.com>  
**Cc:** David Brown <David.Brown@fcc.gov>  
**Subject:** RE: question about SSA filing requirement

David, please give Rebecca a call.

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**From:** Rebecca Hanson [mailto:rjhanson@sbgvtv.com]  
**Sent:** Thursday, November 03, 2016 10:41 AM  
**To:** Barbara Kreisman <Barbara.Kreisman@fcc.gov>  
**Subject:** question about SSA filing requirement

Hey Barbara. I have a question about some language in the Quadrennial review about SSAs. Would you be the right one to ask? If not, would it be Dave Brown?

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

## Barbara Kreisman

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**From:** Barbara Kreisman  
**Sent:** Monday, August 29, 2016 11:30 AM  
**To:** Rebecca Hanson; David Brown  
**Cc:** Louis H. Libin  
**Subject:** RE: some license corrections

Why don't you just give us a list first—and then we can meet if we have issues.

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**From:** Rebecca Hanson [mailto:rjhanson@sbgstv.com]  
**Sent:** Monday, August 29, 2016 11:28 AM  
**To:** Barbara Kreisman <Barbara.Kreisman@fcc.gov>; David Brown <David.Brown@fcc.gov>  
**Cc:** Louis H. Libin <lhlibin@sbgstv.com>  
**Subject:** some license corrections

Good morning, Barbara and Dave!

I don't know if you know my colleague, Louis Libin, but you should. Not only did the FCC name him frequency coordinator for last month's political conventions, but he also has caught a number of detailed corrections on many of our licenses. We would like to come in next month, maybe September 14<sup>th</sup>, to walk you through them. Would you be available to meet then?

Rebecca

**Rebecca Hanson**  
Senior Vice President, Strategy and Policy  
Sinclair Broadcast Group  
703-236-9236 (office)  
202-256-2116 (cell)

## Joanne Wall

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**From:** Nancy Murphy  
**Sent:** Monday, January 02, 2017 8:38 PM  
**To:** Jessica Almond  
**Cc:** michael.saperstein@ftr.com; Matthew Berry; Robin Colwell; David Grossman; Marc Paul; William Lake  
**Subject:** FW: Frontier Negotiations with Sinclair  
**Attachments:** FTR Letter to FCC re Sinclair Dispute 1-1-17.pdf

Thanks Michael. Adding Jessica to the chain.

NCM

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**From:** Saperstein, Michael [mailto:Michael.Saperstein@ftr.com]  
**Sent:** Sunday, January 01, 2017 5:23 PM  
**To:** William Lake  
**Cc:** Matthew Berry ; Robin Colwell ; David Grossman ; Marc Paul ; Nancy Murphy  
**Subject:** Frontier Negotiations with Sinclair

Dear Mr. Lake,

Please find attached a letter from Frontier's Executive Vice President and General Counsel, Mark Nielsen, regarding the current status of our retransmission consent dispute with Sinclair that required Frontier to go dark in select markets yesterday. Please let us know if you would like to discuss any aspect further.

Thank you and happy New Years!  
Best,  
Mike

Mike Saperstein  
Vice President, Federal Regulatory  
Frontier Communications  
202.223.1015 O | 202.702.6491 M  
[frontier.com](http://frontier.com)



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This communication is confidential. Frontier only sends and receives email on the basis of the terms set out at [http://www.frontier.com/email\\_disclaimer](http://www.frontier.com/email_disclaimer).



Mark D. Nielsen  
Executive Vice President, General Counsel and Secretary

January 1, 2017

VIA E-MAIL & ECFS

William T. Lake  
Chief, Media Bureau  
Federal Communications Commission  
445 12th St., S.W.  
Washington, D.C. 20554

Re: Status of Retransmission Consent Disputes – Frontier Communications and Sinclair Broadcast Group, Inc.; *Implementation of Section 103 of the STELA Reauthorization Act of 2014; Totality of the Circumstances Test*, MB Docket No. 15-216.

Dear Mr. Lake:

On behalf of Frontier Communications ("Frontier"), I am writing to alert you that last night our MVPD systems in six markets were required to discontinue carriage of the stations listed below when Sinclair Broadcast Group, Inc. (Sinclair) refused to extend its retransmission consent for those stations after negotiations failed to produce an agreement by the contractual deadline. This is not our desired result – indeed, this action by Sinclair is denying important local and network programming to Frontier subscribers in these markets.

Frontier has been working proactively to try to avoid this impasse in negotiations. We are disappointed that we have not been able to come to an agreement, but Frontier cannot accept the unreasonable terms Sinclair is demanding. The larger problem from Frontier's perspective is the leverage that the current retransmission consent process rules – which are based on an outdated understanding of how customers consume media – provide to broadcasters. The majority of consumers no longer watch content via over-the-air spectrum and are increasingly embracing non-linear approaches to how they view content. Yet despite these changes, the rules distort the marketplace by presuming that MVPDs have market power when they actually face a greater risk of losing customers in the face of a blackout – thereby enabling broadcasters to extract exorbitant rents and in particular to punish smaller carriers. Frequently, broadcasters with control of programming demand that smaller operators pay an exceptionally higher per-customer fee than other larger operators in the same market, inhibiting new competition in the marketplace.

In the meantime, Frontier remains committed to putting our customers first and will work with Sinclair toward achieving a prompt and reasonable resolution. We have warned our customers via set top box notifications, email, and channel alerts in advance of this impasse, and we are maintaining a website, <https://frontier.com/helpcenter/articles/channelupdates>, to ensure that

January 1, 2017

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our customers are updated on the status of our efforts to restore the affected stations.

Frontier has worked diligently and negotiated with Sinclair in good faith to arrive at a retransmission consent agreement that is acceptable to both sides and results in no negative impact to our customers. Frontier hopes that the current negotiation will be resolved shortly, and that Sinclair will restore service to viewers in the affected markets. We will keep you informed as this matter develops. Until then, feel free to contact me (203-614-5050) if you have any questions.

Sincerely,

\_\_\_\_/s/\_\_\_\_

Mark D. Nielsen

Executive Vice President and General Counsel

Frontier Communications

cc: Commissioner Clyburn  
Commissioner Rosenworcel  
Commissioner Pai  
Commissioner O’Rielly

**Affected Stations**

<b>Station/Affiliate</b>	<b>Market</b>
WUCW: CW	Minneapolis, MN
WUCW: GetTV	Minneapolis, MN
WUCW: Grit	Minneapolis, MN
WUCW: Comet	Minneapolis, MN
WRDC: MyNetworkTV	Raleigh Durham, NC
WRDC: Grit	Raleigh Durham, NC
KATU: ABC	Portland, OR
KATU: MeTV	Portland, OR
KATU: Comet	Portland, OR
WPDE: ABC	Myrtle Beach, SC
WPDE: Local Weather	Myrtle Beach, SC
WPDE: Comet	Myrtle Beach, SC
WWMB: CW	Myrtle Beach, SC
WWMB: CW Plus	Myrtle Beach, SC
WWMB: American Sports Network	Myrtle Beach, SC
WCIV: ABC	Charleston, SC
WCIV: My NetworkTV	Charleston, SC
WCIV: Me TV	Charleston, SC
KOMO: ABC	Seattle, WA
KOMO: Comet	Seattle, WA
KOMO: Grit	Seattle, WA



## Joanne Wall

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**From:** Dorann Bunkin  
**Sent:** Thursday, October 20, 2016 5:07 PM  
**To:** Matthew Berry  
**Cc:** Barbara Kreisman  
**Subject:** FW: Phone Rules?

(b) (5)



### **Dorann Bunkin • Federal Communications Commission**

Legal Counsel • Incentive Auction Task Force  
Chief Policy Counsel • Video Division • Media Bureau  
445 12th Street, SW • Room 2-A660 • Washington, DC 20554  
Direct: 202.418.1636 • E-mail: [Dorann.Bunkin@fcc.gov](mailto:Dorann.Bunkin@fcc.gov)

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**From:** Barbara Kreisman  
**Sent:** Thursday, October 20, 2016 12:11 PM  
**To:** Dorann Bunkin <[Dorann.Bunkin@fcc.gov](mailto:Dorann.Bunkin@fcc.gov)>  
**Subject:** FW: Phone Rules?

(b) (5)



**From:** Matthew Berry  
**Sent:** Thursday, October 20, 2016 12:09 PM  
**To:** Barbara Kreisman <[Barbara.Kreisman@fcc.gov](mailto:Barbara.Kreisman@fcc.gov)>  
**Subject:** FW: Phone Rules?

(b) (5)

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**From:** Ajit Pai  
**Sent:** Thursday, October 20, 2016 11:48 AM  
**To:** Matthew Berry <[Matthew.Berry@fcc.gov](mailto:Matthew.Berry@fcc.gov)>  
**Subject:** FW: Phone Rules?

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**From:** Tom Gdisis [<mailto:tgdisis@sbgstv.com>]  
**Sent:** Thursday, October 20, 2016 11:46 AM  
**To:** Ajit Pai <[Ajit.Pai@fcc.gov](mailto:Ajit.Pai@fcc.gov)>  
**Subject:** Phone Rules?

Hi, Ajit, you spoke at our KAB convention last week in Wichita. I'm with KSAS-TV & KMTW-TV.  
I had a request. Look into the rules that we need to have a toll-free number for our viewers in each city we have a transmitter. Consumers can now reach us via email and website without charge. Most phone services do not charge long distance when dialing within the state.

Thanks

**Tom "Gateway" Gdisis**  
My TV Wichita Station Manager (KMTW) 36.1  
Get TV – 36.2  
FOX Kansas (KSAS) 24.1  
Antenna TV 24.2  
Comet TV 24.3  
316 N. West St.  
Wichita, KS 67203  
316-941-1031 – Direct Line  
316.942-2424  
942-8927 – FAX  
[www.foxkansas.com](http://www.foxkansas.com)



## Sima Chowdhury

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**From:** Jill Hecklinger <JHecklinger@sbgstv.com>  
**Sent:** Monday, September 12, 2016 4:48 PM  
**To:** Martha Heller; Lyle Elder  
**Cc:** Rebecca Hanson; Laurie Bell; Lucy Rutishauser  
**Subject:** Sinclair FCC Settlement  
**Attachments:** FCC Form 159 SBGI REVISED.pdf

The wire from Sinclair for the FCC Settlement amount of \$9,495,000 was just released. Below is the Fed Reference number and attached is the completed Form 159 which was emailed to [ARINQUIRIES@fcc.gov](mailto:ARINQUIRIES@fcc.gov). Please let us know if there are any issues.

Fed/SWIFT Confirmation Number:

(b) (4)

Jill P. Hecklinger  
Director of Treasury  
Sinclair Broadcast Group, Inc.  
10706 Beaver Dam Road  
Hunt Valley, Maryland 21030  
Email: [jhecklinger@sbgstv.com](mailto:jhecklinger@sbgstv.com)  
Phone: 410-568-1571

## Joanne Wall

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**From:** Rebecca Hanson <rjhanson@sbgvtv.com>  
**Sent:** Wednesday, July 26, 2017 11:15 AM  
**To:** Martha Heller; Lyle Elder  
**Cc:** David Bochenek  
**Subject:** Sinclair Retrans Compliance Report #2  
**Attachments:** FCC Ltr & Exhibit.pdf

Good morning, Martha and Lyle.

Attached is our second compliance report on the retrans matter. I will send originals over by hand later this week. Could you please confirm by reply email that you received this and that you consider this report timely delivered for purposes of our Consent Decree?

Rebecca

Rebecca Hanson

Senior Vice President, Strategy and Policy

Sinclair Broadcast Group

703-236-9236 (office)

202-256-2116 (cell)

## Joanne Wall

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**From:** Barksdale, Joy <jbarksdale@cov.com>  
**Sent:** Monday, June 26, 2017 8:24 PM  
**To:** Brendan Holland; Barbara Kreisman; Michelle Carey  
**Cc:** Bobeck, Ann West  
**Subject:** [Not Virus Scanned] [WARNING : MESSAGE ENCRYPTED] Confidentiality Requested Pursuant To 47 C.F.R. Section 0.459  
**Attachments:** Attachment V - Fort Smith Financials (2014 - 2016) (002).pdf; Attachment VII - Hartford Financials (2014 - 2016).pdf; Tribune-Sinclair - Section 0.459 Request for Confidentiality 06.26.17.pdf

Attached please find a courtesy copy of Request for Confidentiality and Attachments V and VII to the Applications of Tribune Media Company and Sinclair Broadcast Group, Inc. The attachments are encrypted and the passwords will be sent under separate cover.

Joy Barksdale  
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[www.cov.com](http://www.cov.com) <[https://urldefense.proofpoint.com/v2/url?u=http-3A\\_\\_www.cov.com&d=DwMFAG&c=y0h0omCe0jAUGr4gAQ02Fw&r=A3LWHeyMhb3ePWa6WK8e1cYQNk4t8QRUIo9NkaJnMIU&m=fyRX7SV2KHccobsUOTY1hunQ2ioeHMFqt1vDDSZygoE&s=w\\_4rmtf22enQ86CFQZvXpCws\\_yYnmcFdvBD5jSIn2Nc&e=>](https://urldefense.proofpoint.com/v2/url?u=http-3A__www.cov.com&d=DwMFAG&c=y0h0omCe0jAUGr4gAQ02Fw&r=A3LWHeyMhb3ePWa6WK8e1cYQNk4t8QRUIo9NkaJnMIU&m=fyRX7SV2KHccobsUOTY1hunQ2ioeHMFqt1vDDSZygoE&s=w_4rmtf22enQ86CFQZvXpCws_yYnmcFdvBD5jSIn2Nc&e=>)>