

**FEDERAL COMMUNICATIONS COMMISSION  
BROADCAST LOCALISM HEARING  
RAPID CITY, SOUTH DAKOTA  
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Chairman Powell, Commissioners; distinguished guests; members of the press; citizens of Rapid City and South Dakota. My name is Tim Sughrue. I am the Chief Operating Officer for Rapid City Regional Hospital. I also have the privilege of serving as a Colonel in the United States Army Reserve and Commander for the 328<sup>th</sup> Army Reserve Combat Support Hospital in Salt Lake City, Utah. I welcome the opportunity to share with you my thoughts concerning Federal Communications Commission's role in preserving localism in broadcasting.

By way of reference, Rapid City Regional Hospital is a not-for-profit, community-based organization committed to preserving and strengthening health care for the people in the region. The organization is lead by a Board of Trustees who serve without compensation. We provide primary, secondary and tertiary care services and act as a major referral center. The Hospital has grown to a network of communities within a 250-mile radius of Rapid City, which includes more than 40 health care facilities in western South Dakota, eastern Wyoming, and northern Nebraska.

The health care system provides important and needed services to the residents including: emergency services, surgery, cardiac care, cancer care, behavioral health, diagnostic imaging, endocrinology, dialysis services, emergency transport, adult intensive care, obstetrics, neonatal intensive care, pediatric care, rehabilitation services, home health care and hospice, senior care, and assisted living among others.

In western South Dakota, we are fortunate to have three local television stations and numerous radio stations. Local ownership has, in my opinion, fostered a true commitment to the community. In Rapid City, there is an emphasis on localizing healthcare news.

The television stations in Rapid City report daily about health care topics. Many times they are able to localize national stories and report about issues of concern to our community. As there is great interest in health care stories, it is not unusual for a television station to feature a local health care topic during a ratings period. It is

assumed health care stories draw viewers or listeners by satisfying their interest in topics relevant to them.

Regarding radio stations in Rapid City and nearby communities, only a small number have reporters who do interviews and provide local news stories; the others in our area rely heavily on feed from news wire services. It would be our desire for radio stations to increase reporting of important local health care information for their listeners.

The Regional Hospital family of health care facilities has had a positive experience with the local news media. When we call the broadcast media to attend our news conferences they usually make a concerted attempt to attend such events. When we send them news releases about pressing health care issues or new technology at our facilities they tend to report on such subjects. Thankfully, we have no examples similar to what happened in Minot, N.D. We can, however, share with you some of our recent positive news media experiences:

- When the West Nile Virus was becoming an increasing concern in August of 2003 and we had a large amount of tourists in our area for the annual Sturgis Motorcycle Rally, we communicated with the local news media to re-issue information about West Nile prevention. They all immediately responded to our request; thereby serving the community in a time of need.
- When the State Department of Health announced we had treated a suspected SARS patient, the news media sought us out for facts about this communicable disease. The reporters handled the story appropriately and professionally, without sensationalization.
- When we invited the news media to attend an unveiling of our latest cancer care treatment system, TomoTherapy, all of the local news furnished a significant amount of coverage about this advanced technology.
- On an annual basis a TV station covers our Children's Miracle Network Broadcast. We also received a significant amount of radio coverage on all Children's Miracle Network events.

Overall, it is my assessment localism is still alive in Rapid City. Our stations should be commended for their commitment to the community.

There are, however, concerns about the trajectory of the broadcast industry. The fulcrum on which broadcast localism turns seems to be a complex confluence of competing needs and interests. The fundamental issues appear to be:

1. Control of a scarce and potentially profitable resource.
2. Concentration of media ownership in various markets.

3. Inelasticity of Supply.
4. Economic Efficiencies.
5. Barriers to Entry
6. Redistributive Effects
7. Informed citizenry and Public Good.

Time does not permit a full discussion of the core issues. What can be said, however, is that economic efficiency in production requires station owners and media conglomerates to use knowledge of managerial productivity of their inputs to produce outputs at a minimal costs. Cost minimization in itself is a desirable objective for both the producer and consumer. Cost minimization and profit maximizing behavior predicts the electronic media will increase their prices if demand increases or becomes more inelastic or if the prices of their input increases. It would seem the price of inputs has become less as media outlets, particularly radio stations for economic efficiency, increasingly rely on a more standardized information. This increase in economic efficiency could be at the expense of localism. Furthermore, with barriers to entry established by the licensing process, increasing market concentration and program control there is the prospect of increasing advertisement cost - which are ultimately born by the consumer and do not reflect the cost of production with a reasonable profit margin.

There is the probability of demand creation whereby media conglomerates have a financial stake in influencing many aspects of the entertainment industry. The issue of redistributive effects could also be detrimental to a community's or region's wealth because local radio and television stations impacts on their economy. The counter argument to these concerns is the degree of substitutability available to consumers. Which is to say, the ultimate success of broadcasters hinges on the ability of the media outlet to attract and retain market share. It is for this reason that broadcasters must carefully calculate the value of economic efficiency vs. risk of abandoning or minimizing local coverage.

In conclusion, the broadcasting industry is more than a marketplace commodity. While meeting specific economic goals, it is hoped all radio and television stations remain dedicated to addressing local issues with the intent of maintaining an informed citizenry that can actively participate in establishing public policy and societal objectives.