**Remarks of David J. Barrett**
**President and CEO, Hearst Television Inc.**

**The FCC Media Ownership Workshop**
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Thank you for inviting me to participate in today's workshop.

It is an honor to participate in the Commission's first ownership review since the nation's historic transition to digital television. Digital technology has enabled local television stations, large and small, to expand and improve the quality and diversity of their free, over-the-air "wireless," if you will, video services. Our ability to provide multiple channels of video programming has expanded the number of media "voices" in every local market. For that reason, my remarks will focus on the state of television competition in local markets and the need for reassessment of the Commission's current local television ownership rules.

The digital era has begun, and the Commission, of course, must look *forward*—not backward—as it fashions a regulatory framework to promote and foster local video competition. The competitive framework for local television is vastly different today than it was ten years ago.

Indeed, each time the Commission conducts a new media ownership proceeding, it is confronted with an array of new media platforms for the delivery of information and entertainment.

* For example, in 2000, satellite television was becoming a new competitor, rapidly expanding the delivery of satellite program networks and broadcast stations into local markets throughout the country.

* In 2002, the Internet was emerging as a new provider of information and entertainment, and ultimately exploded into a multimedia platform giving rise to YouTube and literally thousands of websites and blogs that provide information and commentary.

* In 2006, telephone companies were investing billions of dollars to launch their own video programming services over fiber optic networks to provide yet another voice in the video marketplace.

* Today, cellular telephones and new mobile devices are allowing consumers to access information and entertainment anytime from virtually anywhere in the world.

So what formerly was the *prospect* of new competition is now an undisputed *fact* for local television stations and is manifested each day as they compete for viewers and advertising revenue. Take Sunday, October 25, of this year, when YouTube streamed a live U2 concert from the Rose Bowl during prime time. YouTube estimates that the concert generated as many as 10 million individual streams worldwide. That's a reality of prime time video competition on a new digital platform that did not even exist several years ago.

The new video competition poses both new competitive and financial challenges to local television stations. Advertising revenues for local television stations in the second quarter of 2009 dropped more than 26% from the same quarter a year ago. Advertising revenues, of course, are our economic lifeblood. The competition from new video distribution platforms fragments our viewing and our revenue. As the Commission is aware, the number of local television broadcast companies and stations in bankruptcy or reorganization is unprecedented.

It is increasingly difficult for local stations to finance the cost of local news, weather, local emergency information, local election coverage, local public affairs programming, and programming devoted to political discourse—the very kind of programming the nation has come to expect from local broadcast stations and the kind of programming not provided by the new video platforms—and certainly not provided on a universally *free*, over-the-air basis.

The new competition, coupled with a challenging economy, have forced local television stations to eliminate jobs in response to the declines in advertising revenue and to undertake restructuring initiatives that may adversely impact local service.

All these challenges call for a fresh look at the Commission's local television station ownership rules, and I respectfully urge the Commission to reassess these local ownership restrictions. The new competitive and financial realities of the expanding universe of video distributors cannot be ignored.

By consolidating ownership, operational, and technological resources, local television stations can achieve new economic efficiencies and will be able to compete more effectively in the digital era.

I understand, however, the public policy and regulatory tension in this respect. The Commission should, of course, be concerned with *undue* concentration of media ownership at the local level. But, the Commission should be equally concerned with *promoting* and *fostering* video competition at the local level and with *preserving* the local dynamic that characterizes the American system of broadcasting.

Every local television station manager is asking the following question: How can I realistically compete with hundreds of cable and satellite channels supported by advertising and subscriber revenues and which have little, if any, public service programming requirements, while, at the same time, provide expensive local news, local weather, local election coverage, local public service announcements, local emergency alerts, and other local public service programming on my station? It is a fair question. To be effective, local stations must be able to achieve greater economic efficiencies. The Commission can facilitate these efficiencies by adopting a different standard, where appropriate, of common ownership and operation of multiple stations.

In connection with this proceeding eight years ago, we conducted a survey that identified an average of 39 separately owned media "voices" in the nation's 210 media markets, including an average of 20 separately owned "voices" in smaller TV markets ranked 150-200. That estimate did *not* include Internet news sites, multicast channels, satellite radio services, or low power radio stations. That was 2001—clearly, the number of separately owned media voices in local markets is appreciably greater today.

In 2003, our company proposed a new local television ownership metric as a method for determining undue concentration of media ownership. Our proposal would replace the existing local ownership rule's "voice count" and "top four" restrictions with a two-part analysis grounded in principles of antitrust law. Rather than focus on market *revenue* for purposes of a local ownership metric, the focus in our proposal was on market *audience share*. The proposal would be subject, of course, to customary antitrust review, but it would presumptively permit common ownership of local television stations if (1) the combination's collective share of the viewing audience is 30% or less and (2) the resulting concentration of audience share of the local television stations, together with the *increase* in concentration of such audience share, satisfied a standard based on a general numerical antitrust standard in the Department of Justice and FTC's *Horizontal Merger Guidelines*.

This general approach has a number of advantages. *First*, it measures audience share across broadcast, cable, and DBS video platforms. *Second*, it provides a reasonable measure of stability because small changes in audience share will not affect the metric. *Third*, the proposal is equally applicable to all markets—large and small. *Fourth*, the proposal provides bright line tests—allowing the Commission to evaluate proposed combinations more quickly and efficiently.

The proposal would not lead to a wave of local media mergers leading to unacceptable market concentration. In fact, economic experts that the Commission, itself, relied upon in the 2002 media ownership proceeding commented that the bright line test in our proposal was “stricter than FTC enforcement” and “only a small step away” from the Commission’s own rules.

We respectfully urge the Commission to revisit that proposal. I know that our lawyers will be happy to review the proposal in detail with you and your staff at the appropriate time.

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This Commission has a unique opportunity to bring its local television station ownership policies in line with the new competitive video and economic realities. The Commission should use this proceeding to usher in a new, more flexible and competitive local television station ownership policy for the digital era

Thank you, again, for your invitation to appear today.