

Before the
Federal Communications Commission
Washington, DC 20554

~~2005 APR 32 P 12:09~~

2005 MAY -2 P 12:34

RECEIVED
APR 29 2005
Federal Communications Commission
Office of Secretary

In the Matter of)
)
Reserve Prices or Minimum Opening Bids) **Auction No. 62**
and Other Auction Procedures)
)

Filed With: **Office of the Secretary**

To: **Chief, Media Bureau**

COMMENTS

Sutton Radiocasting Corporation ("Sutton Radiocasting"), by its attorney, hereby submits its Comments with respect to the proposed upfront minimum bid for FM113, Due West, North Carolina.

In the *Public Notice* concerning proposed upfront payments and bidding procedures for Auction No. 62, the FCC proposed a series of minimum upfront bids for the 173 proposed allotments. The Commission stated:

For Auction No. 62, the proposed minimum opening bids were determined by taking into account various factors related to the efficiency of the auction and the potential value of the spectrum, including the type of service and class of facility offered, market size, population covered by the proposed FM broadcast facility, industry cash flow data and recent broadcast transactions. The specific minimum opening bid for each construction permit available in Auction No. 62 is set forth in Attachment A of this Public Notice. We seek comment on this proposal.

If commenters believe that these minimum opening bid amounts will result in substantial numbers of unsold construction permits, or are not reasonable amounts, or should instead operate as reserve prices, they should explain why this is so, and comment on the desirability of an alternative approach. Commenters are advised to support their claims with valuation analyses and suggested reserve prices or minimum opening bid amount levels or formulas. In establishing the minimum opening bid amounts, we particularly seek comment on such factors as the potential value of the spectrum being auctioned including the type of service and class of facility offered, market size, population

covered by the proposed FM broadcast facility and other relevant factors that could reasonably have an impact on valuation of the broadcast spectrum.

The proposed upfront minimum payments for "Due West, South Carolina," FM113 is \$90,000. Sutton Radiocasting was the original proponent of the allotment, and therefore knows intimately the Due West's market's population and economic structure, its potential, and its limitations. Based upon a comparison of the population to be served, the demographics of the area, and the limitations that exist on the city-grade coverage of the station and the site location possibilities, this valuation is excessive.

There are only seven other allotments for which the Commission proposes a \$90,000 upfront minimum bid: FM018, McFarland, CA, Channel 282A; FM34, Kahului, Hawaii, Channel 223C2; FM035, Kihei, Hawaii, Channel 298C2; FM045, Hodge, Louisiana, Channel 231C2; FM087, Gallup, New Mexico, Channel 253A; and FM140, Bistol, Vermont, Channel 248A. Although each of these allotments possibly, on a theoretical basis, may service similar populations (in the 100,000 person range) with their 60 dBu contours, in actuality, their local city-grade contours, local demographics, and potential for upgrade and maximization, differ widely such there is a clear distinction between Due West and the other similarly-situated allotments.

Due West has a 2000 U.S. Census population of only 1,209 persons, of which 575 persons simply are students enrolled in Erskine University, located in Due West. The largest community inside the proposed 60 dBu contour is Greenwood, South Carolina, which has a population of 22,071, and the 70 dBu contour for Due West will contain only 19,944 persons,

which is the lowest of all of the other "\$90,000 upfront payment" allotments.¹ While the total hypothetical population of the Due West facility is 103,866 persons, the demographics of the overall area are of a drastically depressed nature – the area is a rural area in western South Carolina which has limited agriculture and is suffering high unemployment due to loss of formerly-existing manufacturing jobs overseas. Abbeyville County (the county in which Due West is located) is particularly depressed, and is suffering from a 7.7% unemployment rate according to statistics available from the South Carolina Department of Labor, and Greenwood, South Carolina (the largest city in the station's proposed 60 dBu contour) has a 8.6% unemployment rate. This affects the radio marketplace dramatically. Greenwood is already served currently by six stations: Station WZSN(FM), WCZZ(AM), WCRS(AM), and WLMA(AM), Greenwood, South Carolina; by Station WHZQ(FM), licensed to Cross Hill, South Carolina; and WZLA(FM), licensed to Abbeville, South Carolina. Station WABV(AM), Abbeville is silent, and has a proposal pending to move (as a major change) to the Las Vegas Metro area. Sutton Radiocasting has learned that the stations generally all are suffering from the economic drought hitting the area. Sutton Radiocasting has learned from conversations with brokers and station representatives that of all of these existing stations serving the area, only Station WZLA is able to show a profit. WZSN, WCZZ, WLMA, and WZLA all are for sale. In

¹ The 70 dBu coverages that would be achieved of this group are as follows:

FM113	19,944
FM018	68,494
FM035	94,066
FM045	25,814
FM87	68,618
FM111	21,163
FM140	33,263

short, the dominant market that the Due West station would serve is already a depressed market for radio station operations.

Moreover, unlike certain other allotments, there is no ability for a Due West station to change its reference coordinates and serve a larger, more affluent, more metropolitan market population. A study has been done of the usable site location area for Due West. This is shown in Attachment 1. As seen therein, the usable area for the Due West allotments is very small, and therefore, unlike most of the other "\$90,000" upfront-payment allotments, cannot move its fully-spaced transmitter site to cover a larger population base.²

Based on all of the foregoing, it is believed that since Due West does not share characteristics similar to other allotment saddled with the \$90,000 minimum upfront payment, the more appropriate minimum bid is \$10,000 - \$15,000. The population of the community (1,209 persons), the limited area of service and growth, and the limitations inherent in its economic base, it is more comparable to similarly-sized markets where the minimum bids are in this \$10-15,000 range, such as the following allotment from the current Auction 62:

² For example, for FM18, an FM spacing study of the allotment shows that the reference coordinates can be changed to allow the facility to place a 60 dbu contour over Bakersfield, California, a rated market, which would increase the 60 dBu coverage of the proposed facility to over 360,000 persons.

For FM045, which involves a Class C2 facility (which therefore already will cover a wider area), and a spacing study shows that the reference coordinates can be changed so that the 70 dBu population of the proposed facility can be nearly doubled from 25,814 persons to 46,000 persons.

For FM111, the allotment's reference coordinates can be changed to increase the 70 dBu population of the proposed facility from 21,163 persons to 59,304 persons by covering the regional trading hub, Cumberland, Maryland.

For FM140, a spacing study shows that the reference coordinates can be changed to allow the facility to provide 60 dBu coverage over Burlington, Vermont, a regional retail and media center for northwestern Vermont and one of the state's largest markets.

FM087 is a Class C1 facility that will operate at drastically higher power (operating at 100 kW) than Due West and will therefore have a drastically greater service area.

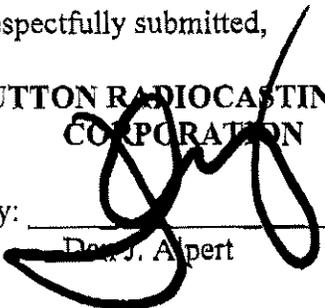
- FM057 Wheatland, Missouri (community population 388 persons)
- FM135 Parowan, Utah (community population 2,565 persons)
- FM153 Hanna, Wyoming (community population 873 persons)
- FM169 Wheatland, Wyoming (community population 3,548 persons)
- FM118 Centerville, Texas (community population 903 persons)
- FM080 Wishek, North Carolina (community population 1,132 persons)
- FM106 Butte Falls, Oregon (community population 439 persons)

To inflict a minimum bid such as the one currently proposed all but guarantees that the allotment will lie fallow following Auction No. 62 as overpriced. To require a successful applicant in a market such as this to pay, at minimum, \$90,000 *in addition* to all of the other start-up, upfront costs that are involved in constructing a station, will be excessive and onerous, not in keeping with the true value of such a station, and not in the public interest.

WHEREFORE, it is respectfully requested that these Comments be accepted, and the minimum upfront payment for Due West, South Carolina, be reduced, as requested herein.

Respectfully submitted,

**SUTTON RADIOCASTING
CORPORATION**

By:  _____
Dan J. Alpert

Its Attorney

*The Law Office of Dan J. Alpert
2120 N. 21st Rd.
Arlington, VA 22201*

703-243-8690

April 29, 2005

