

**Media Institute – Washington, DC**  
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I have been a broadcaster all of my adult life. I've had the privilege of working at some of America's greatest local TV stations, and I've seen firsthand the deep connections and value television stations have to their local communities. No other industry in the media and telecomm ecosystem enjoys such a bond or plays such a role.

And let's talk about that vital role for a minute. Here in DC, the national news conversations often have an echo chamber quality to them – produced by and for people who live here inside the beltway or in Manhattan – and many of them have barely lived anywhere else if at all.

But this democracy requires local journalism and investigative reporting from across all 50 states in state houses and city capitals and in one local community after another. No national media organization can - or will - cover all these critical local issues.

Let's take just one of our stations for example - KING TV in Seattle. In just the past week it has spent enormous amounts of money bringing vital information to the people of western Washington after a mudslide literally buried an entire community. We've played the vital role of helping sort truth from fiction and have been that critical trusted source. And the other day in a matter of hours our staff raised more a half-million dollars for the victims.

In the middle of that coverage, they had a story updating their ongoing investigation into problems at the Hanford Nuclear Power Plant. And Tuesday we got word that KING TV is being honored with a prestigious Peabody Award for their investigations into Hanford and the service that it has provided the people of Washington State.

Or take Hurricane Katrina when during the darkest and worst days nobody from the wireless, cable or satellite industry could be found. They'd all left town. But huddled inside our transmitter building at WWL-TV, with barely any food and water but enough fuel to run our transmitter's generator, was a staff of dedicated journalists. WWL was a beacon of knowledge in an otherwise black hole of information. They sorted truth from fiction something the government could not. They reunited families. They saved lives.

Successful broadcasters succeed by investing, like we do, hundreds of millions of dollars in journalism operations, and those news operations are part of the backbone of a successful democracy. You need us looking under rocks at the State Capital, at City Hall, and the nuclear power plants.

Put differently the business model of local journalism must evolve, succeed and thrive. Everybody in this room has a lot riding on it because I'm here to tell you there's no pro-bono cavalry of local web-based journalists coming over the hill to save the day.

But what also needs to happen is for this town to re-boot the filter through which policymakers are treating broadcasters. We are different. A quick look through the Communications Act and

FCC rules reveals that broadcasters are regulated far more heavily and frequently than any other media and telecommunications medium. We are regulated to, among other things, serve the public interest, as well as to be smaller, more local and more diverse.

And we have willingly accepted those obligations. Serving local communities is core to who we are. But policymakers need to understand that in the modern market some of those regulations impact our ability to compete. For instance, we, nor our network partners, can't run the Sopranos, Breaking Bad, or House of Cards in prime time or anywhere else. And again, we accept that. But everyone needs to understand that impacts our ability to compete for ad dollars, the same ad dollars that underwrite those local news operations. And those cable channels and programmers who CAN run those shows? They don't invest in local journalism anywhere.

So are we asking for government help - NO. But we're asking policymakers to stop treating us on one hand as if we're too big and powerful and then in another context treat us as dinosaurs.

We are neither.

An easy way to think about it is compare AT&T or Verizon to Gannett. Our recent merger with Belo brought a number of folks out of the woodwork to decry consolidation. Some of those people saw our transaction as creating a mega-broadcaster of sorts that would wreak havoc on competition and localism.

It's a bit entertaining to hear those complaints and then turn and look at our cross-industry competitors. Gannett can never come close to AT&T's or Verizon's size and scope. Whereas those companies advertise that they reach consumers from coast to coast, FCC rules prohibit any one TV broadcaster from reaching more than 39% of all American households. Put differently, the rules in place force us to be different and inhibit us from being an equal competitor to the wireless industry.

I am not here today to offer a judgment on whether those rules are good or bad, but merely to highlight their existence.

Let's talk about three relevant policy areas

First retransmission consent. And I'm going to start this one with a real curve ball. Who has heard of Miguel Cabrera. The other day this major league baseball player from Detroit got a 10 year 292-million dollar contract. Everybody asked, "where is that money coming from? How can the Tigers afford it?"

The answer is easy yet amazingly few folks in this town don't get it. That \$292 million folks is all subscription fees for a regional sports network on cable and satellite. It's not because consumers are opting in to pay Miguel his \$292 million. They're paying him without knowing it. Take my 90 year old mother in Tucson, Arizona. She's now paying somewhere between 120 to 170 dollars a year for sports channels on her basic cable bill, while paying a fraction of that for local broadcaster. But my mom never watches sports. It's going right into the pockets of pro and

college sports teams in the Southwest. In Los Angeles where Time Warner itself has bought the rights to pro sports, basic cable sports fees may now exceed \$240 dollars a year on the regular cable bill.

Broadcasters are not the reason for skyrocketing cable bills. Even though the four major affiliates in each market represent more than 35% of all cable viewing on a cable or satellite system, we still barely get 10% of the fees. Meanwhile those sports channels get a fraction of our viewers but dramatically higher fees that are skyrocketing.

So why is there not a “sports fee” on every cable bill instead of the “broadcast fee” many cable operators are calling out? And why are broadcasters being falsely singled out for rising cable rates?

The answer is simple. 1) Those same sports channels are often co-investments of their own such as Comcast Sportsnets and the TimeWarner channel I referenced in LA and 2) they think they can work policymakers in this town to disrupt retransmission consent.

Policymakers cannot let that happen. Broadcasters and their network partners need that revenue stream to compete for programming. Without it every major event whether it be sporting events live news events etc. will eventually all be on pay TV. And those local newsrooms I talked about earlier won't be funded.

Gannett has made significant investments in broadcasting. By purchasing Belo, we have doubled down on our commitment to the industry and our mission to serve our viewers around the nation.

We do not take our investment in broadcasting lightly. We believe in broadcasting. As different platforms converge, we see at least two important themes. Content is incredibly important as is the transmission system that delivers it. And broadcasting uniquely combines both.

Our one-to-many architecture is spectrum-efficient and we are a perfect complement to all forms of distribution such as OTT and the like.

A hot topic of conversation in Washington is the voluntary broadcast TV incentive auction. I know the standard line in DC is to say that everyone hopes for a successful auction and that it offers opportunities. But I have serious reservations about dynamics now in play,

We understand and agree with the theory behind the auction: use a market-based mechanism

But it's not good for the country for the FCC to be singularly focused on taking as much broadcast spectrum as possible. It inevitably leads to bad ends. As more and more people begin to question whether enough broadcasters will participate in the auction, there's been a parade of items that either place additional burdens on broadcasters or even some that would remove essential protections against pay-tv providers have been working their way out of the agency. The commission can't let the pressure and politics of a successful near-term auction do long-term damage to the lifeblood of America's local communities.

And one other cautionary tale about the auction. I remember back in January of 2009 when the Obama administration delayed the DTV transition because they “wanted to get it right.” I recall the Commission’s transition leader at the time, Tom Wheeler, saying just that. And even with the delay, there were significant problems.

Take our WUSA right here in Washington. The Commission’s science had projected we’d need 12 KW of power to replicate our analog signal. Well, when we lit up they couldn’t even see our signal at the CBS News Bureau on the Hill. It turns out we needed 56KW - NOT 12.

Well the science of this repacking is far, far more complicated with much larger implications of consumer disruption. Take for instance our inner cities. A very, very large percentage of less fortunate Americans rely on over the air broadcasting for their source of information and entertainment. Those signals could disappear overnight.

A singular focus on getting broadcasters to participate has even permeated things like channel sharing. It’s fine if a broadcaster wants to channel share. But let’s not pretend that channel sharing is guaranteeing that your investment is frozen in time. Maybe you can do what you can do today in a channel-sharing arrangement. But what can’t you do, tomorrow? What are you foreclosing? Have you ever seen wireless companies willingly turn back their spectrum to the government? Did they say, “Hey, here’s half of our spectrum back now that we have LTE. It’s much more efficient, so we don’t need more.”

My remarks are as much to broadcasters as they are to the FCC and Congress. Broadcasters are becoming drivers of innovation and we need to do more. Investors see the opportunities but we need a stable regulatory environment for those investments to go forward.

I fear that the FCC tends to view broadcasters as yesterday’s news. That would be a major mistake. The FCC should not only worry about competition within industries, but competition among industries.

Who is going to compete with and hold accountable the wireless and cable industries? As they increasingly consolidate – we are seeing names like Time Warner Cable, MetroPCS and others disappear before us – who will take them on the survivors?

A key part of the answer is broadcasters. We are vital to the mix. We have an incredible product to offer and a uniquely efficient delivery system. I have little doubt that our industry can grow in ways that will help Congress and the FCC achieve its competition goals while we continue to be the lone source of localism and diversity.

But we can’t do it alone. Our industry is under the thumb of government regulations – many of which have been in place for many decades - that were based on a very different marketplace.

Thank you.