

## NRB: Fight The Good Fight For Spectrum

By Kim McAvoy

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Yesterday, National Association of Broadcasters President Gordon Smith and National Religious Broadcasters President Frank Wright met for the first time over lunch at the trendy Tosca restaurant in downtown Washington.

The general topic was cooperation.

"There's a natural alliance between NAB and the NRB that we hope will prove advantageous to everyone," Smith said afterward.

"Religious broadcasters enjoy tremendous clout and credibility. When that's combined with the grassroots of local broadcasters, it gives us a better chance to win on issues that really matter," Smith continued.

Beyond that, neither Smith nor Wright would talk about the substance of the meeting, but it's a safe bet that the FCC's plan to reclaim a huge swath of broadcasting spectrum was on the agenda.

If the commercial broadcasters represented by Smith are wary of the plan, the religious broadcasters in Wright's camp are downright hostile toward it.

Like their commercial TV brethren, NRB members have spent more than \$1 billion to go from analog to digital, Wright said prior to the lunch.

"We were told the future was digital. Now that we're digital, the FCC is saying it is all going to be about wireless so we need to take back some of that digital spectrum. This is just the nonsense of that central planning mindset that assumes that they know where things are going and that they want to try to structure them to get us there."

As part of the National Broadband Plan released last March, the FCC proposed to reclaim 120 MHz of broadcasting spectrum by trimming coverage areas and by encouraging stations to double up on channels. Stations that give up all or some of their spectrum would be rewarded with a share of the proceeds from the eventual auctioning of the spectrum.

Since then, the Obama administration and key Democratic lawmakers have gotten behind the plan.

Although backers of the plan pitch it as voluntary, commercial broadcasters have been skeptical, believing that it will be voluntary only so long as they agree to volunteer.

The NAB and NRB have cooperated in the past, most notably in fighting the effort of the recording industry to collect royalties on radio play of music.

And as Smith suggested, the NRB can be an important ally if the government turns the spectrum plan from an appeal into a mandate.

On Capitol Hill, religious broadcasters have especially strong ties to conservative Republican senators as well as those congressional members from rural states.

"They motivate churches. They have very broad and deep grassroots," says one broadcast lobbyist. "Over the years they've been quietly effective."

Craig Parshall, NRB SVP and general counsel, wouldn't argue with that description. "We don't operate on a ground invasion of Washington D.C., with the thousands," he said. "We have a very targeted approach. We use a scalpel rather than a sledge hammer to get our point across."

Religious owners are a growing presence on the broadcasting map, according to investment banker **Michael C. Alcamo of M.C. Alcamo & Co., Inc.**

By his count, he said, 34 owners now operate 119 of the nation's some 1,800 full-power TV stations (see chart at the bottom of this story). Topping the chart are Trinity Broadcasting Network, whose 27 full-power stations reach 37.4% of U.S. TV homes, and Daystar Television Network, whose 21 station reach 27.8%.

Religious or Christian broadcasters as many preferred to be called "tend to want to remain somewhat independent of any extraneous market forces," Alcamo said. "They tend not to want to sell tower assets. They tend not to want to get into negotiations with cable MSO's. They are comfortable owning broadcast assets."

Broadcasting is important to them, Alcamo said. "You can imagine that throughout the South, throughout the Midwest, throughout the West, where their demographics are the strongest, you probably have people who would prefer not to pay for three cable lines and are happy to get the over-the-signal."

"Christian broadcasters are also among the most innovative in fully developing their digital spectrum," he said, citing their deployment of multicast channels.

They have been active in an otherwise moribund station trading market as they try to strengthen their over-the-air hands, Alcamo said. "What you've seen this year is that three out of the five broadcast transactions involved Christian broadcasters, either as a buyer or a seller."

NRB members say they are prepared to use whatever clout they have to protect their spectrum.

"This is one of those fights we're going to the mat over," said Jamey Schmitz, an NRB board member who operates full-power WLMB Toledo, Ohio.

"My message to the FCC chairman from free, over-the-air local broadcast stations from Maine to California: leave us alone. We already gave at the office."

The Toledo broadcaster was referring to the spectrum broadcasters turned in last year when they transitioned from analog to digital.

"All of us met the [DTV] deadline and we are now in the throes of trying to develop multicast channels and HD production facilities," he said. "Now we have this hanging over our heads. It is just mind numbing."

Schmitz said that that he is launching a multicast service called the Bible Discovery Channel that will emphasize Christian apologetics and creation theory.

"We are nonprofit. None of us are involved in broadcasting because of profit. We profit to exist, but we do not exist to profit. We exist because we are proclaiming the message of Jesus Christ over the airwaves. We do it as a mandate from scriptures."

Schmitz estimates that 15% of his viewers watch his station off the air. "The idea is to reach as many people as you possibly can with the gospel. Even having one less household is nobody's goal, secular or Christian."

Although privately owned Trinity is not an NRB member, it shares the trade group's concerns about the spectrum reallocation proposal, said its communications attorney Colby May.

"The idea that the government is suggesting somehow that broadcasters aren't fully using or maximizing their frequencies is certainly not the case in Trinity's situation," he said.

Trinity offers several family-friendly subchannels, including Smile of a Child for children up to 12; JCTV for teens and young adults; the Church Channel featuring inspirational authors and speakers; and TBN Enlace USA, a Spanish-language service.

In comments filed at the FCC, Trinity indicated it wants more spectrum not less: "Trinity provides a multicast service which includes five free to the home standard-definition signals. Each signal requires an average of 3.538 mbps of spectrum. Trinity is also working to add a mobile video service which will require an additional 2 mbps of spectrum.

"This level, quality, and variety of signal and public service effectively utilizes all of the 19.4 mbps of spectrum available within the 6 MHz allocated for each station.

"Moreover, when a future high-definition broadcast signal is factored in, which will require between 5-8 mbps of spectrum, it is clear all (with a need for more) of the spectrum allocated for broadcast use at each station is fully engaged and 'spoken for.' "

Echoing the rhetoric of commercial broadcasters, May said the FCC needs to inventory all spectrum first, address all the technical issues that have been raised and go about this in a "deliberative and appropriate way."

For more than 60 years, TV broadcasting has been one of the cornerstones of free media. It's not right "to change that paradigm just because you want to do it quick, and you think there is great broadband paucity out there," he said.

LeSEA Broadcasting, the third-largest religious group with eight full-power stations reaching 7.4% of the nation's homes, also argued in FCC comments that "spectrum repurposing is premature."

The group told the FCC that a majority of its stations are programming a second digital TV channel and that it plans a third at its Indianapolis and South Bend stations that will carry high school sports. It is also looking into providing local Hispanic channels in New Orleans and Denver, it said.

"These kinds of channels are exactly what the commission expected from broadcasters — programming that is responsive to local audiences and fills a need within that community," it said.

Instead of reclaiming the spectrum, NRB's Wright thinks Congress should grant TV broadcasters an equity interest in the spectrum they occupy.

"If you grant an equity interest, you would see all the spectrum needed for wireless broadband become available. The free market solves the question of how to allocate resources," he said.

The government benefits too, he claims. By granting an equity interest in the spectrum to existing holders, any sale would be a capital gain, he said. It would be taxed and every time it changed hands it would be taxed again.

The FCC may soon find out just how effective the religious broadcasters can be in getting their point across. Some 60 NRB members will be in Washington Sept. 14-15 for the association's annual Capitol Hill forum, a chance to make their case about spectrum directly to lawmakers and regulators.

Among those scheduled to speak to the group are FCC Commissioner Meredith Atwell Baker, Sen. Jeff Sessions (R-Ala.) and Rep. Randy Forbes (R-Va.)

Said Wright: Congress is going to hear about the FCC's "monovision on the economic utility of spectrum."

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## M.C. Alcamo & Co., Inc. / 2010 Survey of Christian Broadcasters

Rank	Group	FP Stations	LP Stations	FP Coverage (homes)
1	Trinity Broadcasting Network	26	228	37,364,800
2	Daystar Television Network	22	91	31,861,490
3	LeSea Broadcasting	8	3	8,524,760
4	Family Stations	1	5	7,493,530
5	TCT Ministries	7	9	4,717,350
6	Jovon Broadcasting	1	0	3,501,010
7	Radiant Life Ministries (TCT affiliate)	3	0	3,319,950
8	Christian Television Network	7	0	3,294,300
9	Sonshine Family Television	1	0	2,955,190
10	Reading Broadcasting	1	0	2,955,190
11	Community Educational Television (Daystar affiliate)	3	0	2,644,940
12	Christian Communications of Chicagoland	1	1	2,503,400
13	Christian Faith Broadcasting	2	1	2,261,180
14	Prime Time Christian Broadcasting	5	3	1,882,640
15	Living Faith Ministries Inc.	4	2	1,490,790
16	Associated Christian TV	1	1	1,455,620
17	Good Life Broadcasting	1	0	1,455,620
18	Jacksonville Educators Broadcasting (TBN affiliate)	2	0	1,455,200
19	Cornerstone Television	2	4	1,449,300
20	New Life Evangelistic Center	1	6	1,249,450
21	Victory Television Network (Agape)	3	0	1,211,280
22	VCY America	1	1	901,790
23	Pacifica Broadcasting	2	0	866,480
24	Carolina Christian Broadcasting	1	2	865,810
25	Red Lion Television	1	0	743,420
26	Alpha Omega Broadcasting of Albuquerque	1	1	694,040
27	God's Learning Channel	4	0	610,750
28	Franklin Media	1	1	534,730
29	University Broadcasting	1	0	528,070
30	Hour of Harvest	1	0	506,340
31	Dominion Broadcasting	1	0	423,100
32	Lamb Broadcasting	1	0	177,200
33	American Christian Television Services	1	0	71,380
34	Evangelistic Alaska Missionary Fellowship	1	0	36,250

Research for the M.C. Alcamo & Co., Inc. study was led by Anuj Chandak, a student at the Leonard N. Stern School of Business at New York University, and was directed by Michael Alcamo, the firm's President.

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