

Top of the Week

Let's make a deal—for CPs

Companies scramble to collect unclaimed TV licenses at FCC by Jan. 30

By Chris McConnell

Bud Paxson is leading a stampede to sweep up new TV licenses at the FCC.

With the deadline for striking deals coming up Friday (Jan. 30), the Paxson Communications chief and other broadcasters are scrambling to collect leftover licenses that long have been sitting idle at the commission.

"It's the great gold rush of the late '90s," Paxson says of the quest for the TV licenses. Last week he added that his company had struck deals to procure five of the permits.

Paxson and others say the unclaimed construction permits offer them an opportunity to expand the reach of their new networks. United Television Inc., owned by UPN backer Chris Craft, has applications pending for 12 stations. And lawyers say the other new networks also are eyeing the licenses as potential new affiliates.

"We're a network that needs distribution," says The WB's Brad Turell, who adds that the network's affiliates as well as the Acme station group—owned by supporters of the network—are interested in the CPs: "If there's a possibility of getting construction permits, we're there."

"These construction permits aren't worth much without a concept that will attract viewers," says Julius Genachowski, general counsel for USA Network's broadcast division. "We think we have a concept that will."

So far, at least some of the construction permits have been worth millions. Paxson says his company unsuccessfully offered \$2.5 million for one license in Texas. Other industry sources say that the most expensive licenses have gone for more than \$4 million.

"Even in smaller markets there's an interest," one industry source says. The WB's Turell says that his company is interested in finding affiliates in any of the top 100 markets.

The interest is not limited just to new networks. Lawyers say broadcasters



TV Station Sweepstakes				
Pending deals to settle competing bids on TV construction permits				
Channel	Location	Date of Settlement	Original # of Applicants	Proposed License Owner
52	Ithaca, N.Y.	12/31/96	3	Kevin O'Kane
26	Uvalde, Tex.	1/16/96	2	South Texas Vision
31	Pocatello, Idaho	8/20/97	3	Channel 31 Inc.
16	La Grande, Ore.	12/18/96	2	WinStar LaGrande Inc.
27	Grand Forks, N.D.	12/9/97	5	Cardinal Broadcasting (Robert Price pres.)
21	Minden, La.	12/19/97	8	Paxson Communications
34	Spokane, Wash.	1/9/98	13	Paxson Communications
51	Marianna, Fla.	1/15/98	5	Channel 51 LLC (Myoung Hwa Bae principal)
39	Newton, Iowa	1/20/98	8	Kaleidoscope Partners (Larry Morton pres.)
4	Crandon, Wis.	1/23/98	5	Dennis Selenka
23	Waterville, Me.	1/21/98	11	WinStar

such as Anthony Fant and Pappas Telecasting also are in the running. "We think there's a legitimate need for additional TV service [in the available markets]," Pappas Telecasting President Harry Pappas says. He hopes his company will be able to secure some of the licenses before Friday's deadline.

There are 90 commercial licenses up for grabs. The backlog is the product of the FCC's long-defunct procedure of assigning licenses through a process of comparative hearings. Because a court in 1993 threw out the criteria that commission officials used to choose license winners, the FCC has no procedure for assigning radio or TV licenses in cases where more than one party has applied for a permit.

To fix the problem, Congress last summer gave the FCC new authority to auction the licenses. But the lawmakers said the FCC must first give the pending applicants six months to settle competing bids. To encourage settlements, the commission also waived rules that prevent companies from paying off other applicants to drop competing bids.

The FCC also is allowing companies without pending bids for the licenses to pay off those that have filed applications. The move allows Paxson and other so-

called white knights to stake claims on the unassigned licenses through private auctions among those seeking the CPs.

Their bids will not buy the broadcasters a second channel for digital TV. But some bidders say they might be able to shift from analog to digital broadcasting on the channels they acquire once digital receivers are widely in use.

While only a handful of settlement agreements had reached the FCC by last week, officials were expecting more as broadcasters seek to beat Friday's deadline.

"People are going crazy right now," says Washington communications lawyer David Oxenford, pointing to the approaching deadline. "Next week is going to be a blur," another lawyer added last Friday.

Once the deadline passes, companies that have been unable to pay off competing applicants likely will have to pay the government instead for the right to broadcast on the frequencies. The FCC has launched an effort to establish auction rules for the analog TV and radio licenses, but that rule-making effort is not yet complete.

Broadcasters in the markets targeted by the new networks voice little concern about the prospect of an added competi-