



# Virginia Association of Broadcasters Legal Review



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## Legal Memorandum

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*Developments:* [FCC Proposes to Eliminate Broadcast Station Main Studios](#)  
[FCC Seeks Proposals to Eliminate/Modify Media Regulations](#)  
[CORES Financial Module “User Manual” Published for Television Stations](#)

### More Broadcaster-Friendly Deregulation: FCC Launches Proceeding to Eliminate Broadcast Station Main Studios

As expected, at its monthly meeting today, May 18, 2017, the FCC adopted a Notice of Proposed Rule Making (“NPRM”) that proposes to largely eliminate the main studio requirements for radio and television broadcast stations. While the NPRM was adopted unanimously, Commissioner Clyburn made clear that she has some reservations about an “outright” elimination of the rule.

As of this writing, the NPRM’s text has not been released, but based on comments made at today’s FCC meeting, an FCC News Release distributed after the meeting, and a draft version of the NPRM released in April, we know the following:

- (1) The FCC believes modern technological innovations have rendered the main studio requirements unnecessary.
- (2) The FCC believes that the main studio requirements are now unnecessarily burdensome for broadcast stations.

(3) The NPRM specifically proposes to eliminate the requirements that (a) a station's main studio have full-time management and staff present during normal business hours, and (b) a station's main studio have program origination capability.

(4) The NPRM proposes to retain the requirement that each AM, FM, TV, and Class A TV broadcast station maintain a local telephone number in its community of license or a toll-free number. The NPRM asks whether the phone number should be staffed during the times that the station is on the air.

(5) The NPRM seeks comment on the costs and benefits of eliminating the main studio rule and on any alternative proposals, such as whether to eliminate the rule for only a certain subset of stations, such as those in small markets or those with few employees. At the meeting, Commissioner Clyburn in particular observed that she would be "empathetic" if a station with few employees in a small market found the elimination of the rule to be a deregulatory step that would help the station maintain its viability as a going concern.

As noted above, Commissioner Clyburn expressed some concerns about a blanket elimination of the main studio rule. In noting that she finds it "perplexing" that broadcasters would want to eliminate main studio requirements in light of the industry's professed emphasis on its localism mission, she observed: "It seems to me that we are embracing a world in which automated national programming is the new normal." In addition, she queried how often station phone messages will be checked, how quickly calls will be returned to listeners and viewers, and how communities will be provided with important information when local emergencies—such as a train derailment involving a toxic chemical spill—occur, if main studios are deregulated. Nevertheless, as noted above, Commissioner Clyburn voted in favor of adopting the NPRM because it asks the "right questions."

This is obviously a significant development for all broadcasters—commercial and noncommercial; small market, medium market, and large market—alike. We will let you know when comment dates have been established.

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## FCC Launches Omnibus Media (De-)Regulation Proceeding

At today's May 18, 2017, FCC meeting, the FCC adopted—by a 2-1 vote—to issue a Public Notice launching a sweeping, top-to-bottom review of its rules applicable to media entities, including television and radio broadcasters and MVPDs. Chairman Pai and Commissioner O'Rielly hope the review will lead to the elimination or modification of regulations that are outdated, unnecessary, or unduly burdensome. They believe that the wholesale review will benefit the public interest by reducing media regulations that stand in the way of competition, innovation, and investment in the media marketplace.

Accordingly, the FCC seeks input from broadcasters and other stakeholders (and, specifically, from small businesses), as well as the public, in this endeavor. It asks commenters to

identify with specificity the rule or rules they believe should be modified or repealed and to explain why and how the rule or rules should be modified or repealed.

For its part, the Public Notice does not mention specific rules. But Commissioner O’Rielly gave a hint of the kinds of rules the Commission has in mind, offering four specific examples of rules that he sees as ripe for repeal or modification. He suggested:

- (1) Eliminating the EEO Mid-Term Report, FCC Form 397, because it is duplicative of other EEO reporting requirements;
- (2) Revising the rule requiring television broadcasters to annually file FCC Form 317, the Ancillary and Supplementary Services Report, so that only broadcasters that actually pay fees have to file the form;
- (3) Modifying various rules that require broadcasters to provide public notice of the filing of certain applications (e.g., license assignment and transfer of control applications) in local newspapers and instead allowing such notices to be provided on a station’s website; and
- (4) Permitting television stations to notify cable operators of their triennial retransmission consent/must carry election online, rather than by “snail mail” (the current rule requires notification by certified mail).

In addition, at the post-meeting press conference, when directly asked about whether the Media Bureau would consider retransmission consent issues in response to the Public Notice, the Chief of the Media Bureau (Michelle Carey) stated that industry is “free to file on whatever topics they deem appropriate.”

As referenced above, Commissioner Clyburn voted against issuing the Public Notice, arguing it will only serve to help the media industry. She claimed that the word “modernization” in this context is “really code for ‘deregulation,’ at the expense of the American consumer.”

Chairman Pai offered a different perspective, calling the goal of the initiative “simple”: “We want to figure out, with respect to our media regulations, whether and how to update our rules to match the realities of today’s marketplace.”

It warrants emphasizing that the FCC is not proposing a rulemaking targeting any particular rules at this point. Rather, the Commission will take the input it receives in response to the Public Notice into consideration in evaluating whether to propose eliminating or changing any rules in future rulemaking proceedings.

At the time this memorandum was distributed, the full text of the Public Notice had not been released. We will update you when comment and reply comment dates on the Public Notice are established.

## FCC Releases “User Manual” to Help Reverse Auction Winners and Repacked Stations Navigate the CORES Financial Module

By [Public Notice](#) today, May 18, 2017, the FCC has released its long-awaited CORES Financial Module [User Manual](#). Familiarity with the CORES Financial Module will be necessary for all reverse auction winners who will be collecting Incentive Auction proceeds and for all full power and Class A television stations that will be incurring reimbursement expenses as a result of having been assigned new channels as part of the post-auction repack.

According to the User Manual Public Notice, the guide describes the features of the web-based CORES Incentive Auction Financial Module, which must be used by eligible full power and Class A broadcasters (and MVPDs) to submit bank account information electronically to facilitate the disbursement of payments to such entities. The User Manual is a healthy 63 pages long, which may suggest a certain degree of complexity will be involved in navigating the CORES Financial Module.

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If you have any questions concerning the information discussed in this memorandum, please contact your communications counsel or any of the undersigned.

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