

## SUPPORTING STATEMENT

### A. Justification:

1. The Commission auctions mutually exclusive applications<sup>[1]</sup> for full power commercial AM and FM radio, full power digital television services, Instructional Television Fixed Services (ITFS),<sup>[2]</sup> commercial FM translators, and all low power television services (*e.g.*, low power television (LPTV), TV translators and Class A television). The Commission requires the use of the FCC Form 175 (OMB Control Number 3060-0600) to participate in all broadcast auctions.<sup>1</sup> Applicants are also required to submit certain exhibits which are covered in this information collection as discussed below.

To facilitate the identification of groups of mutually exclusive applicants for non-table services which include the AM radio, LPTV, Class A television, and TV/FM translator services, the Commission requires applicants to **submit the engineering portions** of the pertinent long-form application (FCC Form 301 (OMB Control Number 3060-0027), FCC Form 346 (OMB Control Number 3060-0016), or FCC Form 349 (OMB Control Number 3060-0405) ) necessary to determine mutual exclusivity.<sup>2</sup> In instances where television licensees file major modification applications, the Commission requires that such applicants also **file the engineering data**. These applicants are required to file the electronic versions of FCC Forms 301, 346 or 349.

Supplemental engineering data would be unnecessary for FM and TV applicants, who would file only the FCC Form 175 for vacant allotments<sup>3</sup> specified in a public notice announcing the opening of an auction filing window. Applications specifying the same FM or TV vacant allotment would be mutually exclusive, and no supplemental engineering data would be necessary to make this determination. However, applicants for the FM service can **include a set of preferred site coordinates** on the FCC Form 175 as an alternative to the reference coordinates for the vacant FM allotment on which they intend to bid. Applicants are not required to submit these coordinates. However, if applicants choose to supplement the FCC Form 175, the preferred site coordinates will be protected at that site from subsequently filed applications. The Commission will issue a public notice announcing those applicants that are not mutually exclusive and the date for filing the appropriate long-form application.

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<sup>1</sup> The Balanced Budget Act of 1997 expanded the Commission's auction authority under Section 309(j) of the Communications Act of 1934, by adding provisions governing auctions for broadcast services.

<sup>2</sup> See footnote 1. Applications to participate in an auction are filed during Commission-designated filing windows.

<sup>3</sup> Vacant allotments refer to channels assigned to the Table of Allotments, 47 C.F.R. § § 73.202 and 73.606, designated for use in the indicated communities.

To enhance participation by small businesses and other designated entities, including small businesses owned by women and minority group members, the Commission utilizes a tiered new entrant bidding credit<sup>4</sup> for entities with either no, or less than four, other media interests. Applicants who claim the new entrant bidding credit are required to **demonstrate eligibility for this designated entity status, and disclose the applicant's other media of mass communication.**<sup>5</sup>

Each applicant must also fully disclose the real party or parties in interest and ownership structure of the bidding entity in accordance with 47 CFR § 1.2112. If applicable, the applicant is required to **identify the parties involved in any bidding consortia or joint bidding agreements.**

***History:***

On December 18, 2007, the Commission adopted a Report and Order and Third Further Notice of Proposed Rulemaking (“the Diversity Order”) in MB Docket Nos. 07-294; 06-121; 02-277; 04-228, MM Docket Nos. 01-235; 01-317; 00-244; FCC 07-217, which expands opportunities for participation in the broadcasting industry by new entrants and small businesses, including minority and women-owned businesses.

Currently, the media interests held by an individual or company with an equity and/or debt interest in an auction applicant are attributed to that applicant, for purposes of determining its eligibility for the new entrant bidding credit, if the equity and debt interests exceed 33 percent of the total asset value of the applicant. In order to make it easier for small businesses and new entrants to acquire broadcast licenses, and acquire the capital to compete in the marketplace with better financed companies, in the Diversity Order the Commission relaxed the rule standard, so to allow for higher investment opportunities in entities meeting the definition of “eligible entities.” An “eligible entity” is defined as an entity that would qualify as a small business consistent with the Small Business Administration (“SBA”) standards for its industry grouping, based on revenue.<sup>6</sup>

Pursuant to the Diversity Order, the Commission allowed the holder of an equity or debt interest in the applicant to exceed the above-noted 33 percent threshold without triggering attribution provided: (1) the combined equity or debt in the “eligible entity” is less than 50 percent, or (2) the total debt in the “eligible entity” does not exceed 80 percent and the interest holder does not

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<sup>4</sup> A bidding credit is a percentage discount applied to the high bid if the bidder meets criteria established in the broadcast auction rules.

<sup>5</sup> As defined by 47 CFR § 73.5008, a medium of mass communications means a daily newspaper; a cable television system; or a license or a construction permit for a television broadcast station, an AM or FM broadcast station, a direct broadcast satellite transponder or a multipoint distribution service station.

<sup>6</sup> At present, the SBA defines as a “small business” a television broadcasting station that has no more than \$13 million in annual receipts and a radio broadcasting entity that has no more than \$6.5 million in annual receipts.

hold any option to acquire an additional interest in the “eligible entity.”

The Commission is requesting an extension of this information collection in order to receive the full three year OMB clearance/approval for this information collection.

This information collection does not affect individuals or households; thus, there are no impacts under the Privacy Act.

Statutory authority for this collection of information is contained in Sections 154(i) and 309 of the Communications Act of 1934, as amended.

**2. Agency Use of Information.** Ownership information is designed to ensure that applicants are qualified to participate in Commission auctions and to ensure that winning bidders are entitled to receive the new entrant bidding credit, if applicable. Joint bidding agreement information is designed to prevent collusion. Submission of engineering data for non-table services enables the Commission to determine which applications are mutually exclusive, and thus subject to auction.

**3. Consideration Given to Information Technology.** These information collections will be filed as exhibits to the FCC Form 175 (OMB Control Number 3060-0600) prior to the beginning of the auction. Auction participants will file the FCC Form 175 and exhibits electronically. The Commission has developed an electronic filing system for broadcast auction applications based on the data and other information contained in the forms.

**4. Effort to Identify Duplication and Use Similar Information.** This agency does not impose a similar information collection on the respondents. There is no similar data available.

**5. Effort to Reduce Small Business Burden.** In conformance with the Paperwork Reduction Act of 1995, the Commission is making an effort to minimize the burden on all respondents. The Commission has limited the information requirements to that which is absolutely necessary for evaluating and processing the application and to deter possible abuses of the processes. Therefore, this information collection does not have a significant economic impact on a substantial number of small entities/businesses.

**6. Less Frequent Data Collection.** The respondents will determine whether to participate in competitive bidding. The frequency for this collection of information is determined by respondents, as necessary.

**7. Information Collection Circumstances.** This collection of information is consistent with the guidelines in 5 CFR 1320.5(d)(2).

**8. Consultations with Persons Outside the FCC.** Opportunity for public comment on this information collection requirement has been published in the Federal Register at (79 FR 30138) on May 27, 2014.

**9. Payment or Gift.** No payment or gift was provided to respondents.

**10. Confidentiality of Information.** There is no need for confidentiality with this collection of information.

**11. Justification for Sensitive Questions.** This information collection does not address any private matters of a sensitive nature.

**12. Estimate of Burden and Burden Hour Cost.** The following estimates are provided for public burden:

<b>Service</b>	<b>Annual Number of Responses</b>	<b>Respondent's Burden Hrs.</b>	<b>Total Annual Burden Hrs.</b>	<b>Hrly. In-House Cost</b>	<b>Total In-House Cost</b>
Ownership Information Exhibits	3,000	0.5 hours	1,500 hrs.	\$48.08	\$ 72,120.00
New Entrant Bidding Credit Exhibits	2,000	1.0 hours	2,000 hrs.	\$48.08	\$ 96,160.00
Bidding Consortia Exhibits	55	0.5 hours	27.5 hrs.	\$48.08	\$ 1,322.20
Engineering Exhibits					
FM Site Coordinates	250	2 hours	500 hrs.	\$48.08	\$ 24,040.00
AM Engineering	300	2 hours	600 hrs.	\$48.08	\$ 28,848.00
FM Trans. Engineering	<u>2,000</u>	2 hours	<u>4,000 hrs.</u>	\$48.08	<u>\$192,320.00</u>
<b>Totals:</b>	<b>7,605</b>		<b>8,627.5 hrs.</b>		<b>\$414,810.20</b>
	<b>(responses)</b>		<b>(Burden)</b>		

**Total Annual Number of Respondents: 3,000 Applicants**

**Total Number of Responses: 7,605 Exhibits**

**Total Annual Burden Hours: 8,628 hrs. (rounded)**

**Total Annual "In-house" Cost: \$414,810.20**

These estimates are based on FCC staff's knowledge and familiarity with the availability of the data required.

**13. Annual Cost Burden.** We assume that the average respondent would contract with consulting engineers (\$250/hour) and attorneys in a law firm (\$300/hour) to complete their exhibit applications.

<u>Service</u>	<u>Annual Number of Responses</u>	<u>Consultant's Burden Hrs.</u>	<u>Annual Consultant's Burden Hrs.</u>	<u>Hrly. Cost</u>	<u>Total Cost</u>
Ownership Information Exhibits	3,000	0.5 hours	1,500 hrs.	\$300	\$ 450,000
New Entrant Bidding Credit Exhibits	2,000	1.0 hours	2,000 hrs.	\$300	\$ 600,000
Bidding Consortia Exhibits	55	0.5 hours	27.5 hrs.	\$300	\$ 8,250
Engineering Exhibits					
FM Site Coordinates	250	1 hour	250 hrs.	\$300	\$ 75,000
FM Site Coordinates	250	69 hours	17,250 hrs.	\$250	\$4,312,500
AM Engineering	300	1 hour	300 hrs.	\$300	\$ 90,000
AM Engineering	300	88 hours	26,400 hrs.	\$250	\$6,600,000
FM Trans. Engineering	2,000	1 hour	2,000 hrs.	\$300	\$ 600,000
FM Trans. Engineering	2,000	8 hours	16,000 hrs.	\$250	<u>\$4,000,000</u>
<b>Totals Annual Cost Burden:</b>					<b>\$16,735,750</b>

**14. Cost to the Federal Government.** The Commission will use professionals at the GS-14 level step 5 (\$57.73/hour) to process these exhibits.

**OMB Control Number: 3060-0896**  
**Title: Broadcast Auction Form Exhibits**

**July 2014**

<u>Service</u>	<u>Annual Number of Responses</u>	<u>Federal Gov't Burden Hrs.</u>	<u>Total Annual Burden Hrs.</u>	<u>Hrly. Cost</u>	<u>Total Cost</u>
Ownership Information Exhibits	3,000	1 hour	3,000 hrs.	\$57.73	\$173,100.00
New Entrant Bidding Credit Exhibits	2,000	1 hour	2,000 hrs.	\$57.73	\$115,460.00
Bidding Consortia Exhibits	55	1 hour	55 hrs.	\$57.73	\$ 3,175.15
Engineering Exhibits					
FM Site Coordinates	250	0.5 hours	125 hrs.	\$57.73	\$ 7,216.25
AM Engineering	300	0.5 hours	150 hrs.	\$57.73	\$ 8,659.50
FM Trans Engineering	2,000	0.5 hours	1,000 hrs.	\$57.73	\$ 57,730.00
<b>Totals Annual Cost To the Federal Government:</b>					<b>\$365,340.90</b>

15. **Reason for Changes in Burden or Cost.** There are no program changes or adjustments to this collection.

16. **Plans for Publication.** The data will not be published.

17. **Display of OMB Approval Date.** OMB approval of the expiration date of the information collection will be displayed at 47 C.F.R. Section 0.408.

18. **Exceptions to the Certification Statement.** There are no exceptions to the Certification Statement.

**B. Collections of Information Employing Statistical Methods**

This information collection does not employ any statistical methods.