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<u>As Applications for New FM Auction Are About to be Filed - FCC Clarifies Rules</u> <u>on Changes to New Allotments</u>

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The FCC is now accepting Form 175 applications for FM Auction 91 - an auction of 144 new FM channels across the country. Applications are due between now and February 10. We wrote about the auction here, and the list of channels to be auctioned is available here. So, if you are interested in a new FM channel, act now!

While this auction is proceeding, in a recent case, the FCC addressed what to do with new FM channels that are not yet set for auction. The FCC regularly receives petitions for rulemaking, seeking the addition of new FM channels. Once allotted, these channels may sit on hold for a year or more before being listed for an auction like that now starting. There are many such channels awaiting auction now, and not included in Auction 91. During that period between auctions, owners of existing stations may find that these vacant allocations block upgrades or other changes that the owners may want to make to their existing stations. Until recently, the existing licensee could suggest changes to the new allotments while they were sitting there waiting to be put out for auction - changes including restricting the transmitter site location for that new channel, changing the city of license for the allotment, downgrading it, or even deleting the channel altogether. As set forth in the recent case, the policy has been to entertain these proposals, unless there was a showing that there was a party ready to file for the vacant allotment. In the recent case, the FCC decided that no future proposals to change vacant allotments would be entertained, as the Commission believes that all channels have someone who is interested in the channel, or there will be an interested person when the next auction begins. This policy will govern all future proceedings, with the limited exception that the FCC will entertain a change in frequency for a new allotment, as long as no other changes are made in that allotment (i.e. it stays at the same location and will continue to be able to operate with the same power).

The one issue not discussed in this case is what will happen to new allotments that are not sold at auction. In recent auctions, there have been a number of FM channels that have drawn no bids, and have thus been unclaimed after an auction. There were <u>37 channels that received no bids in the last auction</u>. It is quite possible that many of those channels will go through the current auction, and still remain unsold. What will happen to these allotments if the FCC does not entertain requests for deletion? I think that is one of those issues that we'll have to see what will happen after this auction, as a policy that does not allow for deletion of these unused channels makes no sense - why should unwanted channels be allowed to block potential other uses of the spectrum?

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One last point of interest, the Commission states in this case that, through a series of annual auctions, the FCC expects to auction "substantially all remaining vacant allotments through a series of annual auction events during the next several years." Again, looking at the past, there used to be a regular stream of new FM allotments being requested. When the FCC amended its rules to require that a petitioner for a new channel tender a full application for that channel, and a filing fee for the application, there have been very few new channels allotted. So, unless there are a new round of allotment requests in the near future, we may soon see the end of regular FM auctions with a substantial number of available channels. Interested in requesting new allotments? Remember that the FCC offered a tool to help locate possible new channels several years ago. Try it out and see what results!

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