

population in Clarion County (in which both communities are located), and Amish do not use electricity or listen to radio, the actual population whose needs and interests would be served by a station licensed to either community would be nearly insignificant.

Accordingly, SBI submits that it is an inefficient and wasteful use of the spectrum to authorize stations serving such a limited population, particularly since there are a number of other existing stations providing service to the same areas and populations.

In addition to the population decline, Census Bureau data reflect that the economy of Clarion County is also in decline. The total number of establishments in the county fell from 1038 in 2000 to 1030 in 2002. Total payroll in those establishments fell by nearly 8% in that period. While SBI realizes that the FCC does not guarantee the success of any station, it is a waste of the valuable spectrum to authorize a station whose demise is all but guaranteed.

By most accounts, the high bids in Auction 37 were far higher than could be considered reasonable. See, e.g., *Radio World*, January 5, 2005, p.3. In some cases, the high bid approached, or even exceeded, the value of an operating station in the same or same size community. And that is just for the right to file an application for a construction permit.

While SBI acknowledges that the Commission cannot, under current law, decide among mutually-exclusive applications other than by competitive bidding, the auction structure utilized in Auction 37 and proposed to be utilized in Auction 62 inevitably will lead to the loss of localism. The high bids made in Auction 37, and probably expected in Auction 62, mean that only multiple owners who can benefit from economies of scale

and spreading of risk will be successful, while small, independent broadcasters who cater to the needs of the locality will ultimately be forced out of business.

A sealed bid auction structure, in which each interested applicant makes its first, last, best and only bid for an allotment would result in more reasonable bid amounts, fewer bid withdrawals and fewer defaults.

SBI believes it is important that spectrum be auctioned, particularly under the current auction structure, only where its use will be efficient. It is not efficient for a channel to be tied up for three or more years in the hope that it will serve a relative handful of potential listeners.

SBI therefore suggests that the allotments for Strattanville and Farmington Township be removed from the inventory of Auction 62 for reallocation in a more efficient manner, or to be auctioned at some future time when the local population has expanded and the local economy has improved.

Respectfully submitted,

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