

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
AUCTION 81 PROCEDURES	)	Public Notice
	)	Report No. AUC-05-81-C (Auction 81)
	)	DA 05-506, released February 28, 2005

To: Auction 81 Staff  
Wireless Bureau

**COMMENTS OF THE NATIONAL TRANSLATOR ASSOCIATION**

The National Translator Association (“NTA”), by its attorneys, hereby submits comments requested in the above-referenced Public Notice (DA 05-506), released February 28, 2005. These comments are timely filed.

NTA represents the interests of owners and operators of translator stations throughout the country. Many of these translators are owned and operated by community groups, towns, counties, and states on a nonprofit basis as the only way local, free, over-the-air television can be provided in rural areas. Many translator stations are also owned by the nation’s television stations and provide a free over-the-air television service to rural and outlying areas from the main stations.

Translator stations are authorized by the FCC to fill a very important need, especially in rural areas. Both distance and terrain block television reception. In general, a translator receives the signal of a full-service television station and rebroadcasts that signal for direct reception by the public. The need for continued translator service is especially evident in rural areas, where translator stations are the primary source of over-

the-air television. The over-the-air signal of an over-the-air television station is the primary source of emergency information and quality of life information available to rural America, a need not fulfilled by satellite television with its limited local channel offerings.

Low power television stations, in contrast to translators, generally serve larger population groupings and are more valuable properties. Translators, having no origination capability, generate virtually no revenues; rather, they are pass-throughs, providing the service of delivering over-the-air television signals to the public. Low power television stations in many instances generate substantial revenues because they can originate programming and otherwise operate as commercial or noncommercial television stations (selling advertising time or generating underwriting dollars, respectively). The fact that low power television stations serve larger areas and generate revenues means that they are more economically valuable and hence more desirable and will attract higher bids than translators. This puts the translator applicant at a very substantial disadvantage in an auction process.

The potential disparity in the value, and hence the price, between the categories of applications must be taken into consideration if the Commission is to fulfill its goal of allocating these frequencies in the public interest. Although both low power television stations and translator stations serve the public interest, the intrinsic disparity in value between the two services would always favor the low power station if the Commission were to implement the policy set forth at Paragraph 1(a) of Public Notice DA 05-506:

We propose to award all construction permits included in Auction No. 81 in a simultaneous multiple-round auction. As described further below, this methodology offers every construction permit for bid at the same time with successive bidding rounds in which bidders may place bids.

The Commission has now begun scheduling low power television and television translator applications for auction. The list released in the above-referenced notice deals with non-daisy-chained applications. To the extent that all pending applications are considered in this proceeding, however, NTA believes it is important for the Commission to consider some of the unique problems that arise as a result of a daisy chain.

A daisy chain is a situation in which one or more applications in an MX group is MXed with one or more applications in the group, but not MXed with all. In other words, under certain circumstances, the grant of one application would free two or three other applications in the group for grant. Attachment A is an illustration of a hypothetical daisy chain that would result in applications A through G being included in a mutually exclusive group, but not all applications in that group being mutually exclusive with each other. With reference to Attachment A, applicants A, B, C, D, E, F, and G would be included in an MX grouping for Auction 81. However, if the application of A were granted, then the applications of C, D, E, F and G would remain as a group. Similarly, if the application of C were granted, A would be a singleton and could be granted immediately, and E, F, and G would remain as an MX group for subsequent auction.

The National Translator Association urges the Commission to continue to process applications remaining after any given initial daisy chain auction. Auctions are particularly suited for situations where the applications are all “apples” or all “oranges”, but they are ill-suited for situations where there are both apples and oranges in the same MX group. Applying our hypothetical illustration to a specific area, and using the Shenandoah Valley of Virginia as an example, if application A were in Winchester and

application G in Harrisonburg, applications B, C, D, E, and F would be spread out along Interstate 81. The applicants for A and G, both serving populous cities, might be low power applicants who propose original programming. Not only would their programming be in the public interest, but theoretically the applications of A and G would have a significantly higher dollar value than would the applications of B, C, D, E, and F, who might be translator applicants who seek only to bring to residents of the intervening rural areas over-the-air television that cannot now be received there.

Accordingly, the NTA requests that the Commission, when it addresses the question of daisy chains, to develop auction procedures whereby the daisy chain will be offered as an MX group, and at the conclusion of the auction those applications which are then not MXed with the auction winner would be processed for further grant or auction, as appropriate. This would necessarily require additional processing of newly-created singleton applications and additional auctions of remaining Mxed applications from the original MX group. Yet, the public interest requires no less: both low power television and television translators serve the public interest, albeit at vastly different economic values. The further processing herein advanced would both maximize the efficient use of the available spectrum and advance the public interest.

Respectfully submitted,

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NATIONAL TRANSLATOR  
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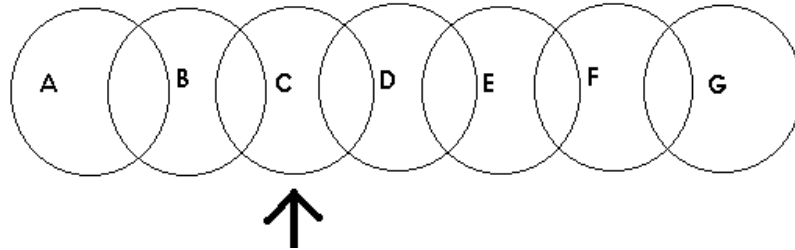
March 18, 2005

By: /s/ George R. Borsari, Jr.  
George R. Borsari, Jr.

Its Attorney

# Attachment A

- Auctions are designed to grant the application to the applicant that evidences the highest perceived value.
- It works if all applications are equal apples or equal oranges.
- It does not work if both apples and oranges are in the same group.
- In the example below, C may be in a medium-sized city, and E, F, and G may be in small rural communities. The applicant for C may propose a radically different service than that proposed by the applicants for E, F and G, such that the monetary value of E, F and G is much less, but E, F and G may have a greater public interest importance to the communities served.



C is the auction winner – B and D, if still Mxed with C, will be dismissed.

A could be granted.

E, F, and G remain MXed, and will be auctioned again.