



FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 74

[MB Docket No. 99-25; MB Docket No. 07-172, RM-11338, FCC 12-29]

Creation of a Low Power Radio Service; Amendment of Service and Eligibility Rules for FM Broadcast Translator Stations

AGENCY: Federal Communications Commission.

ACTION: Final rule.

SUMMARY: In this document, the Commission adopts LPFM and translator licensing policies that conform to the Local Community Radio Act (“LCRA”). The LCRA requires the FCC to balance the competing demands of LPFM and translator applicants when making licensing decisions. Section 5 of the Act requires the Commission to ensure that: licenses are available for both LPFM and translator stations; licensing decisions are based on community needs; and translator and LPFM stations remain equal in status.

The item finds that a previously adopted cap on translator applications pending from Auction No. 83 is inconsistent with the LCRA’s directives, and adopts a market-specific processing policy. The item finds that this approach most faithfully implements Section 5's directives, and will allow the Commission to resume the processing of approximately 6,500 translator applications that have been pending since 2003, while also ensuring that the upcoming LPFM window will provide a real opportunity for significant community radio licensing in major metropolitan areas.

The item also adopts national and market caps to prevent the trafficking of translator construction permits. Finally, the item relaxes the May 1, 2009, date restriction to allow pending translator applications from Auction No. 83 that are subsequently granted to rebroadcast the signals of AM stations at night.

DATES: The amendment to 47 CFR 74.1232(d) of the Rules will be effective **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

FOR FURTHER INFORMATION CONTACT: Peter Doyle, (202) 418-2789. For additional information concerning the Paperwork Reduction Act information collection requirements contained in this document, contact Cathy Williams at 202-418-2918, or via the Internet at Cathy.Williams@fcc.gov.

SUPPLEMENTARY INFORMATION: This is a synopsis of the Commission's Fourth Report and Order (Fourth R&O), FCC 12-29, adopted March 19, 2012, and released March 19, 2012. The full text of the Fourth R&O is available for inspection and copying during regular business hours in the FCC Reference Center, 445 12th Street, SW, Room CY-A257, Portals II, Washington, DC 20554, and may also be purchased from the Commission's copy contractor, BCPI, Inc., Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC 20554. Customers may contact BCPI, Inc. via their Web site, <http://www.bcpi.com>, or call 1-800-378-3160. This document is available in alternative formats (computer diskette, large print, audio record, and Braille). Persons with disabilities who need documents in these formats may contact the FCC by e-mail: FCC504@fcc.gov or phone: 202-418-0530 or TTY: 202-418-0432.

Paperwork Reduction Act of 1995 Analysis

This Fourth R&O adopts new information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA) (Pub. L. 104-13, 109 Stat 163 (1995) (codified in 44 U.S.C. 3501-3520)). These information collection requirements will be submitted to the Office of Management and Budget (OMB) for review under section 3507(d) of the PRA. The Commission will publish a separate notice in the Federal Register inviting comment on the new information collection requirements adopted in this document. The requirements will not go into

effect until OMB has approved them and the Commission has published a notice announcing the effective date of the information collection requirements. In addition, the Commission notes that pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, see 44 U.S.C. 3506(c)(4), it previously sought specific comment on how the Commission might “further reduce the information collection burden for small business concerns with fewer than 25 employees.”

Synopsis of Order

1. On July 12, 2011, the Commission released a Third Further Notice of Proposed Rule Making (“Third Further Notice”) in this proceeding, seeking comment on the impact of the enactment of the Local Community Radio Act of 2010 (“LCRA”) on the procedures previously adopted to process the approximately 6,500 applications that remain pending from the 2003 FM translator window. There, the Commission tentatively concluded that the previously adopted translator licensing procedures, which would limit each applicant to ten pending applications, would be inconsistent with the LCRA’s goals. It proposed to modify those procedures and instead adopt a market-specific translator application dismissal process, dismissing pending translator applications in identified spectrum-limited markets in order to preserve adequate low power FM (“LPFM”) licensing opportunities. It also sought comment on whether, based on the enactment of the LCRA, the Commission should modify its rules permitting only those translator stations authorized on or prior to May 1, 2009, to rebroadcast the signals of AM stations.

2. In this Fourth Report and Order, we adopt the market-specific translator application processing and dismissal policies proposed in the Third Further Notice, incorporating certain modifications proposed by commenters. These policies are designed to fully and faithfully effectuate the licensing directives set forth at section 5 of the LCRA while also taking

into account the constraints of limited spectrum and technical licensing requirements. We are founding these procedures on our extensive spectrum availability studies set forth in Appendices A and B, which establish that limited LPFM licensing opportunities remain in many markets. We have determined, based on these studies, that the next LPFM window presents a critical, and indeed possibly a last, opportunity to nurture and promote a community radio service that can respond to unmet listener needs and underserved communities in many urban areas. As explained herein, we find that it is necessary to dismiss significant numbers of translator applications in spectrum limited markets to fulfill that opportunity. Nevertheless, these procedures are also designed to facilitate to the maximum extent possible the grant of the pending translator applications in all markets – whether spectrum is limited or abundant. In adopting these procedures, we note that neither the Commission nor any commenter has identified a fundamentally different approach that would both satisfy section 5’s mandate and permit the rapid and efficient licensing of both LPFM and translator stations. With regard to the 6,500 applications that remain pending from the 2003 FM translator window, we also adopt a national cap of 50 applications and a market-based cap of one application per applicant per market for the 156 markets identified in Appendix A to minimize the potential for speculative licensing conduct. Finally, we modify the May 1, 2009, date restriction to allow pending FM translator applications that are granted to be used as cross-service translators.

3. In the Third Order on Reconsideration, we also dismiss petitions for reconsideration of the Third Report and Order as they relate to the now-abandoned ten-application cap processing policy.

I. DISCUSSION

A. Section 5 of the LCRA: Broad Interpretive Principles

1. Background

4. The LCRA, signed into law by President Obama on January 4, 2011, expands LPFM licensing opportunities by repealing the requirement that LPFM stations be certain minimum distances from nearby stations operating on “third-adjacent” channels. Section 5 of the LCRA also sets forth criteria that the Commission must take into account when licensing FM translator, FM booster and LPFM stations.

5. In the Third Further Notice, we proposed to interpret section 5 to establish the following broad principles:

- Section 5(1) requires the Commission to adopt licensing procedures that ensure some minimum number of licensing opportunities for both LPFM and translator services across the nation;
- Read together with section 5(2), section 5(1) requires the Commission to provide licensing opportunities for both services in as many local communities as possible; and
- We tentatively concluded that our primary focus under section 5(1) must be to ensure that translator licensing procedures do not foreclose or unduly limit future LPFM licensing, because the more flexible translator licensing standards will make it much easier to license new translator stations in spectrum-limited markets than new LPFM stations.

6. In addition, we sought comment on whether to consider existing stations in making a “licenses are available” finding under section 5(1), pointing out that because of the large number of existing translators within the top 200 Arbitron-rated markets, “taking into account existing translators ... would militate in favor of the dismissal of [pending] translator

applications, at least in markets where there is little or no remaining spectrum for future LPFM stations or where substantially fewer licensing opportunities remain.” We tentatively concluded that the suspended national cap of ten translator applications per applicant in the Auction No. 83 pool of pending translator applications is inconsistent with the statutory mandate to ensure some minimum number of LPFM licensing opportunities in as many local communities as possible. Instead, we proposed a market-specific process of dismissing all pending translator applications in certain spectrum-limited markets in order to preserve a certain number of LPFM licensing opportunities, while allowing processing of translator applications outside those markets.

2. Comments

7. Among all the parties submitting comments in response to the Third Further Notice, there is broad support for eliminating the cap of ten translator applications and using market-specific spectrum availability metrics to implement section 5 requirements. However, on the issue of interpreting section 5, divergent arguments were presented by translator supporters, on the one hand, and LPFM supporters, on the other. Their positions are summarized in the following sections, addressing interpretive issues presented by sections 5(1)-(3) of the LCRA. We also note that Senators Cantwell and McCain and Representatives Doyle and Terry, the original sponsors of the LCRA, submitted a letter expressing their support for our interpretation of section 5 of the LCRA and for our proposed approach to effectuating the statute.

a. Section 5(1) – Ensuring that licenses are available

8. LPFM advocates support our view that section 5(1) of the LCRA requires the Commission to ensure that the processing of translator applications does not preclude future opportunities for new LPFM licenses. Prometheus cites to the Congressional history of the LCRA and the Sponsors’ Letter to support this position. LPFM supporters contend that

Congress intended that the Commission take existing licenses into account when assessing whether its licensing procedures would ensure that licenses are available rather than establish a “going forward” only standard that ignores legacy licensing. LPFM advocates also argue that section 5(1) requires the Commission to preserve a significant number of licensing opportunities for new LPFM stations in all markets where this is possible.

9. Translator supporters disagree with these positions. These commenters oppose an interpretation of section 5(1) that, in their view, would favor LPFM stations over translators and urge the Commission not to devise licensing procedures to redress perceived imbalances in past licensing. NPR argues that our proposal unduly favors future LPFM service at the expense of the pending FM translator applicants by taking into account the number of existing LPFM and translator stations. NPR also argues that “ensuring that licenses are available” includes current and future FM translator station applicants. Similarly, EMF notes that the LCRA never “directly” references applications from Auction No. 83, and emphasizes Congress’ use of “new” at the beginning of section 5 to argue that section 5(1) “requires that ‘new’ licenses for both translators and LPFM stations be made available.” NAB argues that a policy of dismissing translator applications where translators but not LPFM stations could be located would counter section 5(1)’s mandate that licenses be available for translator stations.

b. Section 5(2) – Assessing the “needs of the local community”

10. Commenters are divided also in interpreting section 5(2) of the LCRA. LPFM advocates suggest that section 5(2) should be interpreted as a mandate favoring localism, and in particular LPFM stations, which they argue provide the greatest localism benefit of any broadcast service. Indeed, commenters note that the LPFM service was established in part to address the perceived loss of local programming during a period of significant radio

consolidation. Some parties argue that translators, which do not originate programming, fail to serve local community needs and are not truly local, while LPFM stations better serve the goals of localism. LPFM proponents also suggest that, when making licensing decisions, the Commission could address the needs of local communities by considering demographic data. Specifically, they argue that urban communities, well served by commercial and noncommercial services, have less need for translator services and more need for local community-level programming, while rural communities, poorly served by full-service facilities, have need for both translators and LPFM stations.

11. On the other hand, translator advocates argue that translators can serve the needs of the local community and note that the Commission and Congress have found that to be the case. For example, translators can provide emergency information, as well as regional and state news. Translators can also serve the local community by providing a format not currently available in that area. Thus, they argue it is wrong to assume that LPFM stations better serve local community needs than do translators. NPR criticizes our analysis of section 5(2) on the ground that we focused on the differences between translators and LPFM stations, rather than focusing on how both services serve the needs of the local community by expanding the programming choices available to listeners. NPR also argues that some communities might actually have a greater need for a translator than for an LPFM station because a translator may be filling a coverage gap for a significant full-power station. Common Frequency replies that urban communities served by multiple translators have more need for a first LPFM station.

c. Section 5(3) – “Equal in status”

12. The Third Further Notice noted that section 5(3) refers specifically to “stations” rather than to “applications,” suggesting that it could be applied only to existing stations and that

future LPFM applications could have priority over pending FM translator applications. However, the Third Further Notice also recognized that the Commission had used the terms “stations” and “applications” interchangeably in discussing the “co-equal status” of LPFM stations and FM translator stations and that the Commission had framed this issue in terms of whether to follow or waive the current “cut-off” rules which protect prior-filed Auction No. 83 translator applications from subsequently-filed LPFM station applications. The Third Further Notice stated that it seems reasonable to assume that Congress intended the same meaning when it used the word “station” in the LCRA.

13. Translator proponents argue that, for regulatory purposes, the terms “stations” and “applications” are interchangeable. Translator proponents argue that either changing the Commission’s market-based approach or waiving the cut-off rules in favor of future-filed LPFM applications would not be consistent with section 5(3). Mullaney Engineering argues that the services are not “equal in status” if LPFM applicants are allowed to invalidate the cut-off protection rights of previously-filed translator applications. NPR likewise believes that waiving cut-off rules to give preference to later-filed LPFM applications would violate the “equal in status” mandate. Other translator supporters express concern that this approach would disproportionately favor the licensing of future LPFM stations and thereby violate section 5(3)’s equal in status mandate. They claim that trying to make LPFM and translators equal in numbers would suppress translator licensing and artificially encourage unwanted LPFMs.

14. LPFM supporters disagree, arguing that, while the grant of a station license conveys certain vested and statutorily protected interests to a licensee, those interests do not attach to a pending application. Prometheus argues that section 5(3) does not refer to the cut-off rule, but instead merely requires that translators and LPFM stations be secondary to full-service

stations and equal to each other. Prometheus further asserts that section 5(3) does not prohibit the Commission from giving LPFM applicants priority over translator applicants, particularly when read in the context of section 5(2)'s requirement that licensing serve the needs of local communities and section 307(b)'s requirement that the Commission distribute radio service in the public interest. Prometheus states that the Commission should balance the two services by aiding in the development of LPFM.

15. Other LPFM advocates argue that the cut-off protection rule is a regulatory custom that the Commission can waive if it serves the public interest. Some commenters argue for giving LPFM stations priority because translators consume valuable radio spectrum while failing to provide original local programming. LPFM advocates also argue that the Commission must compensate for the "head start" that the translator service has to the comparatively new LPFM service. Commenters further argue that the current rules favor translators. Some suggest that, in order to achieve a true equality between the LPFM service and translators, the technical rules governing the LPFM service should be changed to match those of translators. Common Frequency contends that section 5(3) calls for a goal of equal spectrum for each service.

3. Analysis

16. We adopt the interpretations of the three section 5 licensing standards proposed in the Third Further Notice. In its broadest terms, section 5(1) clearly requires the Commission to ensure that some minimum number of FM translator and LPFM "licenses are available" throughout the nation when licensing new FM translator and LPFM stations. We also find that section 5 is most reasonably interpreted to require consideration of existing licenses. As we observed in the Third Further Notice, the word "new" appears in the first clause of section 5 but not in subparagraph 1, suggesting that we should consider the availability of both new and

existing stations in ensuring that “licenses are available” for both services. In addition, our interpretation is consistent with the title of section 5, “Ensuring Availability of Spectrum for Low-Power FM Stations,” as well as the Commission’s longstanding license allocation policies under section 307(b) of the Communications Act of 1934, as amended (“Act”), which directs the Commission to ensure “a fair, efficient, and equitable distribution of radio service” “among the several States and communities.” In contrast, interpreting section 5 to require us to license new translator and LPFM stations without regard to the number of operating stations in each service, as EMF advocates, would be inconsistent with ensuring the availability of spectrum for both services, as well as section 307(b)’s direction. We also find support for our interpretation in the comments of LPFM advocates discussed above. Accordingly, we conclude that the mandate of section 5(1) to ensure that “licenses are available” is reasonably interpreted to require consideration of both existing and future licenses in the translator and LPFM services when licensing new stations in those services.

17. We reject arguments that interpreting section 5(1) to require consideration of existing licenses is unreasonable because such an interpretation would “favor” LPFM licensing. The LCRA necessarily requires the Commission to make choices between licensing new LPFM and translator stations in some cases, given that the two services compete for the same limited spectrum. Making such choices based on the overall spectrum available to each service does not “favor” one service over the other. On the contrary, the fact that our interpretation of section 5(1) enables us to account for the present disparities between the two services in terms of the number of licensed stations supports its reasonableness. We also reject EMF’s argument that the LCRA “says nothing” about the processing of the applications which remain pending from the 2003 translator window because it does not expressly address them. These applications are

unquestionably subject to section 5 requirements which apply “when licensing new FM translator stations” Rather, we agree with NPR that the language of section 5(1) encompasses pending as well as future applications.

18. We also adopt our proposed interpretation of sections 5(1) and (2) together to require that LPFM and translator licenses be available in as many “local communit[ies]” as possible, according to their needs. We recognize that translators and LPFM stations both serve the needs of communities, albeit in different ways, and conclude that we must take these factors into consideration in implementing section 5(2). In particular, translators, which are inexpensive to construct and operate, can effectively bring service to rural and under-served areas. LPFM stations, on the other hand, which typically utilize volunteer staffs, operate under great budget constraints, and serve smaller geographic areas, may be less effective in meeting the needs of small communities and areas of low population density. Translators also are essential components of local and regional transmission systems that efficiently deliver valued programming to listeners. Nevertheless, as we explained in the Third Further Notice, the Commission has historically accorded no weight to translators in assessing the comparative needs of a community for radio service under its section 307(b) licensing policies. In contrast, the LPFM service was created “to foster a program service responsive to the needs and interests of small community groups, particularly specialized community needs that have not been well served by commercial broadcast stations.” Numerous LPFM service and comparative licensing criteria are designed to promote these goals. These criteria include a requirement that licensees be local, a licensing preference for those applicants with an established community presence, and a licensing preference for those applicants that pledge to locally originate at least eight hours of programming per day. In addition, ownership restrictions and time-share rules necessarily result in expanded ownership diversity. Based on these factors, we find that LPFM stations are uniquely positioned to meet local needs, particularly in areas of higher population density where LPFM service is practical and sustainable.

19. We also adopt our tentative conclusion that our primary focus under section 5

must be to ensure that translator licensing procedures do not foreclose or unduly limit future LPFM licensing, because the more flexible translator licensing standards will make it much easier to license new translator stations in spectrum-limited markets than new LPFM stations. Our market-specific analyses, which are set forth in Appendices A and B, establish that few LPFM licenses have been issued and limited LPFM licensing opportunities remain in many markets due to the relatively inflexible LPFM technical rules and high spectrum utilization. In contrast, given the more flexible translator licensing standards and the limited LPFM licensing opportunities in many markets, the next round of LPFM licensing will have only a modest impact on licensing opportunities for future translator stations. Thus, our principal challenge in effectuating the mandates of sections 5(1) and 5(2) is to identify and preserve LPFM licensing opportunities where few or no LPFM stations currently operate. We note that this goal is fully consistent with Congress's decisions to eliminate third adjacent channel distance separation requirements and to permit second adjacent channel spacing waivers, and thereby, expand the LPFM service.

20. Our interpretation of section 5 has clear implications for the translator processing and dismissal procedures we adopt in this proceeding. These procedures must be responsive to two different situations. The first concerns markets where, taking into account both licensed stations and the potential for additional stations, ample LPFM licensing opportunities are present. Procedures in these markets must balance translator and LPFM licensing in a manner that “ensures” a level of future LPFM licensing that the Commission determines is sufficient to satisfy statutory requirements. Secondly, in markets where insufficient spectrum remains to satisfy these requirements, the translator processing and dismissal procedures, including amendment and settlement procedures, should preserve all identified LPFM licensing

opportunities, i.e., should facilitate the grant of only those translator applications that would not diminish or “block” future LPFM licensing in these markets.

21. On the other hand, we agree with NAB that, consistent with our statutory interpretation, our policies should seek to avoid the dismissal of translator applications where LPFM stations “cannot” be licensed. We note that, however, that capacity to identify such situations is limited. The FM database is dynamic, with LPFM filing opportunities being created, eliminated or modified daily due to FM application and allotment filings. Moreover, revised LPFM technical licensing rules that are now under consideration will materially affect licensing opportunities. Given the limited LPFM licensing opportunities in many markets, the modest impact that LPFM licensing will have on future translator licensing in those markets and the difficulties in establishing with certainty that a translator application “cannot” preclude an LPFM filing, we conclude that adoption of a conservative processing regime that fully protects scarce spectrum for future LPFM stations would be consistent with section 5, read as a whole.

22. We adopt our tentative conclusion that the nationwide ten translator application-cap dismissal policy we established prior to the LCRA’s enactment is inconsistent with section 5 because it would not provide a certain and effective way to ensure that LPFM “licenses are available” for local communities in many markets. Under that policy, translator applications that prevent or “block” LPFM licensing opportunities would likely be eligible for processing in markets where the need for LPFM licensing opportunities is greatest and spectrum most limited. Based on the market-specific analyses set forth in Appendices A and B, we also conclude that no or limited useful spectrum for LPFM stations is likely to remain in numerous specific radio markets where typically few or no LPFM stations now operate unless translator dismissal procedures reliably result in the dismissal of all “blocking” translator applications.

23. With regard to section 5(3), we asked in the Third Further Notice whether the requirement that translator and LPFM stations remain “equal in status” prohibits waivers of the LPFM cut-off rule, which prioritizes pending FM translator applications over later-filed LPFM applications, explaining that such an interpretation would require the Commission to dismiss any pending FM translator applications that it determines must make way for LPFM licensing opportunities, rather than deferring action on such applications and later processing any that remain pending after the completion of dismissal and settlement procedures adopted to implement section 5. We identified several factors that support such an interpretation. The cut-off rules are a principal characteristic of the two services, establishing their “equal” status as to each other. While acknowledging that section 5(3) refers to “stations,” we noted in the Third Further Notice that the Commission has used “stations” and “applications” interchangeably in considering whether to give priority to applications filed in the upcoming LPFM window, a central issue in this proceeding since 2005. Thus, we explained, section 5(3) could be reasonably interpreted to prohibit waivers of the LPFM cut-off rule.

24. Prometheus disagrees with this reasoning, pointing out that the “plain language” of section 5(3) does not refer to the Commission’s cut-off rules. It contends that section 5(3) merely “authorizes the existing arrangements between licensed LPFM and translator stations as they relate to full-service stations. Both can be displaced by primary stations but neither can displace the other; and in this sense these stations should remain equal.” Prometheus concludes that section 5(3) is not a bar to giving priority to LPFM applications filed in the upcoming window. Based on this interpretation, Prometheus advocates a processing policy under which action on certain translator applications would be deferred. Those applications that remain pending would be subject to dismissal if a conflicting LPFM application is filed. Prometheus,

however, also recognizes that the translator dismissal procedures proposed in the Third Further Notice would be permissible under Prometheus's differing section 5(3) interpretation.

25. We are not persuaded that Prometheus's narrow interpretation of section 5(3) is reasonable. For the reasons discussed above, we believe that the equality mandated by section 5(3) for FM translator stations vis-à-vis LPFM stations is most reasonably interpreted to encompass applications as well as authorized stations in order to be meaningful. That view is consistent with the Commission's treatment of the issue of the relative status of LPFM and translator stations prior to the LCRA's enactment, and nothing in the legislative history supports a contrary interpretation. Our interpretation also is consistent with the fact that the section 5 mandates apply "when licensing new FM translator stations, FM booster stations and low-power FM stations." That is, section 5 as a whole concerns the processing of applications. Thus, we believe that Prometheus's interpretation is inconsistent with section 5(3) when it is considered in the context of section 5 as a whole.

26. Although we find that the "equal in status" requirement of section 5(3) is most reasonably interpreted to bar LPFM cut-off rule waivers, we need not resolve this issue. Assuming arguendo that we could give priority to LPFM applications filed in the upcoming window over pending translator applications, we nevertheless conclude that the processing regime we adopt herein more rapidly and efficiently effectuates the LCRA's goals than would Prometheus's alternate approach. Most importantly, it avoids the translator licensing delays that would result from a deferral approach. Under such an approach, all translator application processing would remain frozen until all LPFM applications are on file and have been analyzed. Only at that point could the Commission attempt to process "non-conflicting" translator and LPFM applications simultaneously. In addition to these delays, translator grants under

Prometheus's approach would have to be conditioned on subsequent LPFM licensing decisions, with the risk of displacement potentially discouraging or delaying construction efforts. Alternatively, the Commission could delay translator application processing until initial licensing actions from the LPFM window are substantially completed, a process that would likely take a number of years. In contrast, as set forth in detail below, our tailored market-specific processing scheme is likely to allow the rapid licensing of at least one 1000 additional translator stations. Thus, we agree with the sponsors of the LCRA that the approach we adopt herein "takes into account the needs of translator applicants" as well as potential LPFM applicants.

27. We also conclude that the approach Prometheus advocates would be administratively burdensome and resource intensive. Prometheus's approach would require the Commission to identify with certainty the potential preclusive impact of pending LPFM window filings in order to determine which deferred FM translator applications may be acted on, yet the potential for LPFM application amendments and settlements would make it difficult to identify with certainty the breadth of the potential preclusive impact of pending LPFM window filings. Moreover, Prometheus's approach could lead to inequitable treatment of FM translator applications filed in the same window, with the opportunity for technical amendments resulting in certain translator applications that are deemed ready for processing before others receiving preferential access to limited spectrum. Thus, we conclude for policy reasons that the problems associated with deferring action on pending FM translator applications that otherwise would be subject to dismissal under the policies we adopt herein substantially outweigh any benefits.

B. Implementing Section 5 of the LCRA: Proposed Market-Based Processing Policy

1. Background

28. Having tentatively concluded that the ten-application cap dismissal policy would run contrary to the LCRA’s mandate, the Commission considered three alternative processing regimes and tentatively concluded that a market-specific, spectrum availability-based translator application dismissal policy would most faithfully implement section 5 of the LCRA. To determine LPFM opportunities in major markets, the Bureau undertook a nationwide LPFM spectrum availability analysis. The Bureau studied all top 150 radio markets, as defined by Arbitron, and smaller markets where more than four translator applications are pending. It centered a thirty-minute latitude by thirty-minute longitude grid over the center-city coordinates of each studied market. Each grid consisted of 961 points – 31 points running east/west by 31 points running north/south. The Bureau analyzed each of the 100 FM channels (88.1 MHz – 107.9 MHz) at each grid point to determine whether any channels remained available for future LPFM stations at that location. Only channels that fully satisfied co-, first- and second adjacent channel LPFM spacing requirements to all authorizations and applications, including pending translator applications, were treated as available. The area encompassed by the grid was designed to approximate “core” market locations that could serve significant populations. The results of that analysis were presented in the Third Further Notice, and identified the number of channels (“LPFM Channels”) currently available for LPFM use in each studied market. In calculating “available” LPFM channels, it included both the identified vacant channels and those channels currently licensed to LPFM stations which are authorized to operate at locations within each market’s thirty-minute latitude by thirty-minute longitude grid.

29. The Commission proposed to dismiss all pending applications for new FM translators in any market in which the number of available LPFM Channels was below a specified LPFM channel floor (a “dismiss all” market), and to process all pending applications for new translators in markets in which the number of available LPFM channels met or exceeded the applicable LPFM channel floor (a “process all” market). In proposing the channel floors, the Commission was guided by the number of top 150-market NCE FM full power stations, noting that this service was most comparable to the LPFM service.

- Markets 1 – 20: 8 LPFM Channels
- Markets 21 – 50: 7 LPFM Channels
- Markets 51 – 100: 6 LPFM Channels
- Markets 101 – 150 and, in addition,
smaller markets where more than
4 translator applications are pending: 5 LPFM Channels

30. The Commission sought comment on the methodology of its study, and whether a market-tier approach was a reasonable means for effectuating both section 5(1) and 5(2) directives. It also sought comment on whether use of Arbitron market-based assessments as used therein was reasonable for purposes of implementing section 5 of the LCRA, and tentatively concluded that a market-based analysis would provide a reasonable “global” assessment of LPFM spectrum availability in particular areas. It sought comment on whether defining the section 5(2) term “local community” in terms of markets was reasonable and whether it was appropriate to use the same definition for LPFM and translator purposes.

31. The Commission also sought comment on whether it should impose restrictions on the translator settlement process in the “process all” markets to ensure that engineering

solutions to resolve application conflicts would not reduce the number of channels available for LPFM stations in these markets. Finally, in order to preserve the status quo during the pendency of this proceeding, it proposed to suspend the processing of any translator modification application that proposes a transmitter site for the first time within any market that has fewer LPFM channels available than the proposed channel floor. It also imposed an immediate freeze on the filing of translator “move-in” modification applications and directed the Bureau to dismiss any such application filed after the adoption of the Third Further Notice. It noted that the freeze would continue until the close of the upcoming LPFM filing window, but would not apply to any translator modification application which proposes to move its transmitter site from one location to another within the same spectrum-limited market. It sought comment on these proposals.

2. Comments

32. With a few exceptions, most commenters generally agreed that some form of the Commission’s market-based approach was an acceptable methodology to carry out the mandate of section 5. However, many commenters suggested modifications to the proposal. Some commenters suggest changes that would potentially foster more opportunities for LPFM stations (which could result in the dismissal of more pending FM translator applications), while others favor processing more translator applications from the 2003 window (which also could result in fewer LPFM opportunities). We discuss them in turn below.

a. Defining the Market and Channel Floors

33. Prometheus and other LPFM proponents suggest that the Commission analyze the top markets using a smaller grid (21x21), arguing that the 31x31 grid studies an area “far too large to adequately evaluate spectrum availability in most urban areas.” Prometheus and REC each note that many available LPFM opportunities are located in sparsely populated (or

unpopulated) areas on the fringe of the 31x31 grid. LPFM advocates likewise urge the Commission to separately evaluate named cities in hyphenated Arbitron markets, to set higher channel floors, to count only channels (and not locations) as counting toward a channel floor, and to only count new licensing opportunities when assessing LPFM channel availability.

34. Translator advocates largely disagree with these suggestions. NPR and NAB assert that a 21x21 grid “provides a skewed analysis of market conditions” and would violate the LCRA mandate that the two services remain equal in status because it would result in the dismissal of more translator applications. Indeed, they maintain that even the Commission’s proposed 31x31 grid is too small, and argue that use of Arbitron market boundaries would provide a more accurate measure of current LPFM and FM translator station locations and potential LPFM licensing opportunities. EMF and other translator proponents likewise disagree with Prometheus’s view that only channels should apply to the channel floors, maintaining that potential “locations” for LPFM stations should also count. By looking solely at channels, EMF maintains that the Commission is understating the number of potential LPFM stations that could actually be constructed in the market. It argues that if LPFM is truly a localized service to small populations, channel re-use within a market is “to be expected.”

b. Translator Amendment and Settlement Procedures

35. In “Dismiss All” Markets. NAB and others assert that we should process translator applications where an application grant would not obstruct a particular LPFM opportunity or where a dismissal would not create an additional LPFM opportunity. LPFM advocates oppose these suggestions. With respect to the former, they argue that this proposal in practice would likely result in the loss of significant LPFM licensing opportunities. With respect to the latter, they argue that the second-adjacent waiver process will create many LPFM

opportunities in markets that otherwise appear to have no available LPFM channels (such as New York and Chicago). Common Frequency further urges the Commission to take into account LP-10 availability and the potential for intermediate frequency (“I.F.”) and second adjacent channel waivers in determining whether a particular translator application could preclude an LPFM licensing opportunity.

36. In “Process All” Markets. NPR and others argue that the Commission should not restrict the ability of pending translator applicants to make minor amendments to their applications, arguing that circumstances may have changed considerably since their applications were filed in 2003. NAB argues that the Commission should allow applicants to choose other channels as part of the settlement process, so long as the availability of LPFM opportunities is not reduced below the LPFM channel floor for that market. It does not, however, propose procedures to select among competing translator applicants while also safeguarding the pertinent LPFM channel floor. It notes that in many “process all” markets, the number of available LPFM channels far exceeds the channel floor.

37. LPFM advocates disagree, arguing that the “availability of settlements negates the FCC’s systemic approach to defining clear channel floors.” Common Frequency maintains that the availability of settlements “provides for an open-ended scenario where translator applicants could effectively cherry-pick the best channels, leaving the channels at the edges of the grid-area for LPFM applicants.”

3. Analysis - Revised Translator Application Processing and Dismissal Policies

38. Despite the divergence of views about interpreting the LCRA, there is relatively broad agreement with respect to our proposal to effectuate section 5 with market-specific

spectrum availability metrics. Significantly, no commenter provided a comprehensive statutory interpretation pointing to a fundamentally different approach. Accordingly, we adopt, with certain modifications, the market-specific processing approach outlined in the Third Further Notice. As discussed above, our principal challenge in effectuating section 5(1) of the LCRA is to identify and preserve those LPFM licensing opportunities where few or no LPFM stations currently operate. The processing approach we adopt today furthers this goal by ensuring that LPFM licensing opportunities in spectrum-limited markets remain “available.” At the same time, we adopt translator application and amendment procedures that will permit the immediate licensing of certain pending translator applications in both “dismiss all” and “process all” markets, consistent with section 5(1) and 5(2) directives and the procedures set forth below. To conform our terminology to the revised processing standards, we will use the names “spectrum limited” and “spectrum available” markets to refer to what were previously characterized as “dismiss all” and “process all” markets, respectively.

39. We believe certain modifications are necessary to better ensure that our licensing decisions are based on community needs, as required by section 5 of the LCRA. As we noted in the Third Further Notice and as discussed above, LPFM stations are best suited to serve more densely populated markets. We have reviewed our grid studies and have determined that in some smaller “spectrum available” markets, many of the channels identified as available for LPFM are on the fringe of the 31x31 grid in unpopulated or very lightly populated areas. Indeed, in some cases, the population of the 21x21 grid represents more than 90 percent of the population of the 31x31 grid. We believe that LPFM stations can best serve the needs of local communities in areas with significant populations where LPFM service is practical and sustainable. Accordingly, we find that adoption of a smaller grid is appropriate in certain

markets to compensate for low population levels on the outer fringes of the grid. We believe that use of a smaller grid in these markets will more faithfully implement section 5(2) of the LCRA than our original proposal because it identifies and preserves LPFM opportunities in core city areas, where the LPFM service can best serve community needs. We likewise find that this revised approach is more faithful to our interpretation of sections 5(1) and 5(2) of the LCRA. As set forth above, these sections, when read together, require us to ensure a certain level of future LPFM licensing in “spectrum available” markets. However, we believe that licensing opportunities identified as “available” in these smaller markets should be limited to those locations that are likely to be able to support viable LPFM stations. Our adoption of a 21x21 grid in certain markets will enable us to more accurately identify such opportunities.

40. Different considerations apply to the largest markets. Our analysis establishes that there are few or no LPFM licensing opportunities within the core areas of most of the top 50 markets, especially when compared to the number of licensed translator stations and the number of pending translator applications in these markets. Using the methodology set forth in paragraph 41 below, we have determined that only seven of the top 50 markets which are classified as “spectrum limited” exhibit the high population concentrations within the grid that occur in a number of smaller markets. That is, based on both raw population numbers and population distributions, the largest markets are more likely to include population centers outside core market locations that LPFM stations could serve. Thus, we find that our translator processing procedures must not preclude LPFM licensing opportunities beyond the studied 31x31 grids in the top 50 spectrum limited markets.

41. We have modified the LPFM spectrum availability study set forth in the Third Further Notice as follows. As before, we identified the number of available LPFM channels and

licensed stations within the 31x31 grid and compared this number to each market's channel floor. These results are set forth in Appendix A. We then analyzed "spectrum available" markets to identify those where 75 percent or more of the total population in the 31x31 grid is located in the 21x21 grid. In these markets, the smaller grid contains the concentrated core population and, for the reasons explained in paragraph 39 above, we used the smaller grid to determine both the number of licensed stations and the number of channels available for future LPFM stations. Thus, "spectrum available" markets are those markets in which the number of LPFM channels within the applicable grid meets or exceeds the market's channel floor. The results of our market studies using the 21x21 grid, where applicable, are presented in Appendix B. We did not subject the 31x31 "spectrum limited" markets to the 21x21 population threshold test for several reasons. First, any such market would necessarily remain a "spectrum limited" market on the basis of a 21x21 grid analysis. More importantly, the 31x31 grid analysis in each of these markets establishes that few opportunities remain within the larger grid for new LPFM stations. Thus, we find that it is necessary that our "spectrum limited" market translator application processing rules, as described below, protect all of the limited LPFM licensing opportunities within the larger grid in such markets. In addition, for the reasons stated above, we also will require a translator applicant in any top 50 spectrum limited market to demonstrate that its out-of-grid proposal would not preclude the only LPFM station licensing opportunity at that location ("Top 50 Market Preclusion Showing") by making the showing described below. We note that the analyses in Appendices A and B are based on updated BIA data, resulting in several changes from the analysis attached to the Third Further Notice, including the addition of three radio markets listed in the appendices and the removal of two markets previously listed in Appendix A.

42. We next consider other proposed “tweaks” to our methodology. Prometheus and REC first urge us to set higher channel floors, arguing that, given the “overstatement of LPFM availability in the Commission’s methodology, the proposed floors are too low to achieve the envisioned LPFM license availability.” They assert that there are a number of unknown factors in determining LPFM availability, including suitability and availability of the site, population levels, and demand for LPFM at these locations.

43. We believe that our adoption of the smaller grid in those markets with a core concentrated population largely addresses these concerns because it excludes from our analysis LPFM opportunities in areas with little or no population. It is also the case that our studies demonstrate that multiple grid points are available for many of the identified channels and that more than one LPFM station can operate on identified channels in some markets. We find that these factors adequately counter-balance uncertainties regarding site availability, site suitability and local demand for LPFM licenses. We will also continue to count both identified vacant channels and those channels currently licensed to LPFM stations as “available.” Excluding currently licensed LPFM channels from our “available LPFM channels” findings, as proposed by Prometheus and REC, would be inconsistent with our interpretation of section 5(1) to require consideration of existing licenses as part of the “licenses are available” metric. Moreover, eliminating licensed channels from consideration would not create many (if any) new LPFM opportunities because it would not convert any top 50 “spectrum available” market into a “spectrum limited” market. Finally, we decline to break out hyphenated Arbitron markets into separate submarkets, as suggested by REC and others, because we believe that ample LPFM opportunities remain in most submarkets. Also, without clear delineation within the markets, there would be no reasonable way of determining which translators would be processed, should

two cities within a market have different spectrum available/spectrum limited outcomes.

44. NAB does not oppose the channel floors, per se, but urges us to count both channels and locations toward the channel floors. We reject this suggestion. As Prometheus notes, the Commission cannot determine whether there is demand for a future LPFM station at any identified location. Moreover, as we have emphasized previously, this may be the last opportunity to meaningfully expand opportunities to provide LPFM service due to the combined impacts of limited spectrum and the strict technical licensing standards mandated by the LCRA. In contrast, and as we also explained in the Third Further Notice, flexible translator licensing rules ensure that abundant translator licensing opportunities will remain after the forthcoming LPFM window. Thus, consistent with the broad interpretive principles set forth above, we find that it is appropriate to use conservative techniques to assess LPFM availability in a given market, including counting available LPFM channels, not locations.

45. In the Third Further Notice, we proposed “LPFM Channel Floors” of potential LPFM licensing opportunities in the 150 largest markets, as well as smaller markets where more than four translator applications are pending. These channel floors range from 8 potential LPFM channels in the top 20 markets to 5 potential LPFM channels below the top 100 markets. We based these figures on a rough approximation of the number of noncommercial educational (“NCE”) stations in the top 150 markets. We selected the NCE FM service as a point of reference because that service is the radio service most similar to the LPFM service and, therefore, the best gauge of local community needs for such service. Commenters who addressed our proposed channel floors disputed neither our reasoning nor the specific ranges of channel floors or markets selected for those ranges. Thus, based on our examination of the record, we conclude that the proposed channel floors are a reasonable standard. We find that

these floors adequately further the development of the LPFM service in spectrum-limited markets, as intended by section 5(1) of the LCRA, and strike an effective balance by ensuring that licenses for both LPFM and translator services are available in as many communities as possible, as required by our collective reading of sections 5(1) and 5(2) of the LCRA. Accordingly, we adopt the channel floors as proposed in the Third Further Notice.

46. We will, however, revise our processing approach with regard to certain translator applications in both “spectrum limited” and “spectrum available” markets. As an initial matter, we recognize that our use of the 21x21 grid in certain markets has turned some “spectrum available” markets into “spectrum limited” markets. For the reasons discussed above, we find that translators serve community needs, especially those in rural or underserved areas. As such, we agree with NAB that translator applicants in “spectrum limited” markets should be given an opportunity to demonstrate that their applications, if granted, would not preclude any LPFM opportunities. We also will permit minor amendments to meet this “no preclusion” test. Translator applicants proposing “move-in” modifications and modification applications that propose to move into a “spectrum limited” market will also be allowed to make such a showing. This approach is also consistent with our combined reading of sections 5(1) and 5(2) because it furthers the statutory goal of ensuring that the Commission provide licensing opportunities for both services in as many communities as possible. Prometheus and others fail to explain how this narrow exception to allow continued translator processing in a “spectrum limited” market will preclude LPFM opportunities, given that, as described in more detail below, we will require translator applicants to protect all channel/point combinations with the assumption that all LPFM applicants in these markets will be eligible for second-adjacent channel waivers. We likewise agree that translator applicants in “spectrum available” markets should be afforded some

opportunity to amend their applications. As noted by many translator advocates, circumstances have changed since 2003, and transmitter sites may no longer be available. As described in more detail below, we will provide applicants with a limited opportunity to amend their applications so long as their proposals do not eliminate any LPFM channel/point combination in any of the 156 market grids and, where applicable, satisfy the Top 50 Market Preclusion Showing. We do not believe that allowing translator applicants these limited opportunities to amend their applications will impede our ability to guarantee licensing opportunities equivalent to the LPFM channel floors we adopt herein.

47. Accordingly, we direct the Bureau to issue a public notice requiring all applicants affected by the national application cap and/or the one application per applicant per market limitation (discussed below) to identify applications for continued processing, consistent with these limits. The auctions anti-collusion rule will remain in effect during this process. Upon completion of this selection/dismissal process, the Bureau will process the remaining applications in “spectrum available” markets, starting with the singletons. Mutually exclusive applications from this group will then be placed on public notice and afforded a 60-90 day window to resolve their application conflicts via settlement or amendment. Any amendment of an application that precludes any LPFM channel/point combination identified in the grid studies will result in application dismissal. Amendments will be processed on a first-come, first-served basis, with all unamended applications having cut-off protection against amendments filed during the settlement period.

48. Applicants with proposals in “spectrum limited” markets will be given one opportunity to modify their proposals to eliminate all preclusive impacts on protected LPFM channel/point combinations. An applicant in a top 50 “spectrum limited” market proposing

facilities outside the studied 31x31 grid also will need to demonstrate either that no LPFM station could be licensed at the proposed transmitter site or, if an LPFM station could be licensed at the site, that an additional channel remains available for a future LPFM station at the same site. Applications that conflict with protected channel/point combinations or fail to make such a Top 50 Market Preclusion Showing and that are not amended to come into compliance with these requirements will be dismissed. As explained above, applications in 31x31 grid “spectrum limited” markets must protect all channel/point combinations within this grid. Applicants in 21x21 grid “spectrum limited” markets must protect all channel/point combinations only within this grid. We limit “spectrum limited” grid protection requirements in these markets because, as noted above, we believe that this standard will protect those areas where LPFM stations can best serve the needs of local communities and, therefore, will most faithfully implement sections 5(1) and 5(2). From this point, all remaining applications will generally proceed down the same singleton/MX/settlement/auction/long form path. Amendments will be processed on a first-come, first-served basis, including for the purpose of determining whether an additional LPFM channel remains available at a specific location outside the grid. We terminate the freeze on the grant of pending Auction No. 83 translator applications and direct the Bureau to resume application processing in accordance with these procedures.

49. We provide the following guidance on translator application processing. “Protected” LPFM channel/point combinations will be determined differently in “spectrum available” and “spectrum limited” markets. In a “spectrum available” market, a channel/point combination must be protected only if LPFM operations at the site would be fully spaced to all pending translator applications on co-, first- and second-adjacent channels (and, of course, would satisfy all other spacing requirements). Thus, a translator applicant in a “spectrum available”

market that does not modify its technical proposal would always qualify for further processing because the proposed translator facility cannot conflict, by definition, with any protected channel/point combinations. “Spectrum available” market amendments, however, may not conflict with protected LPFM channel/point combinations. “Spectrum limited” calculations, including Top 50 Market Preclusion Showing calculations, will assume the dismissal of all translator applications in the market. This differing treatment of pending translator applications is based on our determination that sufficient channels are/are not available if all translator applications remain pending. Moreover, the “spectrum limited” channel/point and Top 50 Market Preclusion Showing calculations, will not take into account second-adjacent channel spacings to authorized stations and other pending applications, *i.e.*, will assume that an LPFM applicant could make a sufficient showing to obtain a second-adjacent channel spacing waiver. Finally, “spectrum limited” calculations will not take into account I.F. spacing requirements. We find that these more restrictive “spectrum limited” market processing standards are necessary to safeguard LPFM licensing opportunities in these markets. As noted, the protection scheme for “spectrum available” markets 1-50 and for all other studied markets are limited to the particular grid used in each market. LPFM licensing opportunities outside the grid in these markets are not protected in either “spectrum limited” or “spectrum available” markets. Thus, a translator application specifying a site at a distance equal to or greater than the minimum LPFM-translator distance separation requirements and otherwise in compliance with licensing rules would be grantable under these processing standards in all “spectrum limited” markets 51 and smaller and all “spectrum available” markets.

C. Prevention of Trafficking in Translator Station Construction Permits and Licenses

1. Background

50. The Third Further Notice tentatively concluded that our proposed market-based translator application processing policy would not be sufficient to deter speculative licensing conduct because the remaining translator filings present significant issues of abuse of our licensing process. It tentatively concluded that nothing in the LCRA limits the Commission's ability to address the potential for licensing abuses by any applicant in Auction No. 83, and sought comment on processing policies to deter the potential for speculative abuses among the remaining translator applicants. Specifically, it sought comment on whether to establish an application cap for the applications that would remain pending in non-spectrum limited markets and unrated markets, and asked whether a cap of 50 or 75 applications in a window would force filers with a large number of applications to concentrate on those proposals and markets where they have bona fide service aspirations. The Third Further Notice also asked whether applicants should be limited to one or a few applications in any particular market, noting that a limitation of this sort could limit substantially the opportunity to warehouse and traffic in translator authorizations while promoting diversity goals. It also sought comment on alternative approaches to protect against abuses in the translator licensing process.

2. Comments

51. Many commenters support some form of cap, with several supporting a cap of 50 or 75 per applicant nationally, as proposed in the Third Further Notice. Alan W. Jurison suggests that such a high cap should be coupled with new translator ownership rules and a waiver system to allow bona fide applicants to file numerous applications nationally. Others support our

suggestion of having a cap on the number of applications per market. Kyle Magrill suggests a tiered, market-based cap whereby the more applications an applicant files nationally, the further the number of applications per market must decrease.

52. However, EMF opposes any cap at all, believing it will reduce translator services to smaller markets. Other commenters argue that caps fail to distinguish serious applicants from speculators and suppress competition. Some commenters simply disagree with the concerns over speculative filings described in the Third Further Notice. For example, Kyle Magrill suggests that non-commercial applicants may have filed large numbers of translator applications because they believed that it was the best way to ensure they would obtain a permit, and even those permits that were sold have resulted in new facilities on the air serving the public interest. Edgewater Broadcasting, Inc., and Radio Assist Ministry, Inc., also note that applicants accused of trafficking have not in fact violated any of the Commission's Rules.

53. Several commenters propose alternatives to caps or additional safeguards against trafficking: placing limitations on the number of outstanding translator construction permits an applicant can have; restricting sales of permits to allow applicants to only recover costs; or preventing outright the sale of unbuilt construction permits. NPR suggests establishing a holding period obligating future translator permittees to construct and operate newly authorized translators.

3. Analysis

54. We conclude that both a national cap and a market-based cap for the markets identified in Appendix A are appropriate to limit speculative licensing conduct and necessary to bolster the integrity of the remaining Auction 83 licensing. Without such caps, we believe that the translator licensing process we adopt herein could result in the prosecution of thousands of

applications for the primary purpose of for-profit assignments of the issued translator authorizations. If the permits were issued in an auction, then we would be much less concerned about such speculation in permits. However, as we noted in the Third Further Notice, we expect that a substantial portion of the remaining grants will be made pursuant to our settlement procedures rather than through auctions.

55. We first must address whether the adoption of national and per-market caps on the processing of pending translator applications to protect the integrity of the translator licensing process is consistent with section 5 of the LCRA. Although that provision mandates that the Commission consider the availability of translator licenses to serve the needs of local communities in licensing new translators, it does not limit the Commission's authority under the Act to adopt measures to protect the integrity of its licensing processes. Accordingly, we conclude that adoption of the caps to safeguard the integrity of our licensing processes is consistent with section 5's requirement to ensure that licenses are available to both LPFM and translator services.

56. We next address the public interest benefits of translator application caps. As set forth above, the initiation of new translator service resulting from a grant of some of those applications may benefit the public interest. At the same time, we believe strongly that remedial limits are needed to protect the integrity of our licensing process. Non-feeable application procedures and flexible auction and translator settlement rules clearly have facilitated and encouraged the filing of speculative proposals. Our CDBS database shows that successful Auction 83 applicants have sold more than 700 translator authorizations and let almost 1000 permits expire without completing construction. In some markets, certain applicants have filed dozens of applications, even though it is inconceivable that one entity would construct and

operate all of the proposed stations. The filers that will be affected by our national cap and by our per-market cap account for much of this licensing activity. While we recognize that high-volume filers did not violate our rules, these types of speculative filings are fundamentally at odds with the core Commission broadcast licensing policies and contrary to the public interest.

57. Although we have considered a number of alternatives, we find that imposing a cap on applications is the most administratively feasible solution for processing this large group of long-pending applications. As some comments suggest, a longer term solution may require structural changes to the translator licensing process, *e.g.*, holding period and/or construction requirements, no-profit restrictions on the assignment of authorizations, a cap on application filings, etc. However, we believe that the caps we adopt today will both deter trafficking and provide the fastest path to additional translator and LPFM licensing in areas where the need for additional service is greatest. We emphasize that the cap procedures we adopt will give applicants the opportunity to elect which applications will be processed toward a grant. We expect that applicants will choose applications that will maximize new service to the public. Even with the dismissal of many of the pending translator applications pursuant to the application caps and our market-based processing policy, we are confident that the same or comparable licensing opportunities will remain available in a future translator filing window under our flexible translator licensing standards. In short, these dismissals will only delay, not deny, licenses to applicants whose translator applications are dismissed but who remain interested in effectuating their proposals.

58. We believe that a national cap of 50 applications per applicant from the pending Auction 83 applications is an appropriate limit. Because translators are relatively cheap to construct and operate, we believe it is feasible for the organizations that filed the highest volume

of applications to construct and operate 50 additional stations. Accordingly, in balancing the competing goals of deterring speculation and expanding translator service to local communities, we conclude that a national cap of 50 applications is appropriate. We note that this cap is high enough to permit all but twenty applicants to prosecute all of their pending applications. We also note that even some translator advocates commented in support of a cap of 50 applications.

59. In addition to the national cap of 50 applications, we believe that a per-market cap of one application in the markets identified in Appendix A is appropriate. Our translator rules contemplate that a party may receive an authorization for a second or third FM translator serving substantially the same area as the first only after making a “showing of technical need for such additional stations.” This is a spectrum efficiency rule based on our experience that parties rarely need such multiple translators. Yet in some cases, applicants in Auction 83 submitted dozens of applications for a particular market. These applications were clearly filed for speculative reasons or to skew our auction procedures, as it is inconceivable that a single entity would construct so many stations in a single market. Given the volume of pending applications, it is not administratively feasible to conduct a case-by-case assessment of technical need for such multiple applications within the markets identified in Appendix A. Accordingly, we will apply a cap of one translator application per applicant in the markets identified in Appendix A. For applications outside those markets, where the duplication issue is more manageable, we will apply our technical need rule on a case-by-case basis.

60. For translator applicants, our revised processing policies provide a straightforward licensing path that will likely result in more than 1000 new construction permits, thereby increasing the total number of authorizations issued out of Auction 83 to over 4500. At the same time, the national and per-market caps will require each affected applicant to prioritize its

filings and to focus on proposals at locations where it has a bona fide interest in providing service. We believe that these restrictions are necessary to impose on these applicants a level of discipline similar to that which competitive bidding procedures provide in full service station licensing.

61. We will require parties with more than 50 pending applications nationally and/or more than one pending application in the markets identified in Appendix A to identify and affirm their continuing interest in those pending applications for which they seek further Commission processing, consistent with these limits. Both pending long form and short form applications will be subject to these applicant-based caps. In the event that an applicant does not timely comply with these dismissal procedures, we direct the staff to first apply the national cap, retaining on file the first 50 filed applications and dismissing those that were subsequently filed. The staff will then dismiss all but the first filed application in each of the markets identified in Appendix A.

D. Restrictions on the Use of FM Translators to Rebroadcast the Signals of AM Stations

1. Background

62. In 2009, the Commission authorized the use of FM translators with licenses or permits in effect as of May 1, 2009, to rebroadcast the signal of a local AM station. The limitation of cross-service translator usage to already-authorized FM translators was adopted with the intention of preserving opportunities for future LPFM licensing. Two parties filed petitions for partial reconsideration of this aspect of the 2009 Translator Order. Both petitions argue that the limitation of cross-service translators does not serve the public interest and is unfair to both AM stations and FM translator applicants.

63. The practical effect of the date limit imposed in the 2009 Translator Order was to exclude pending Auction No. 83 FM translator applications as well as future FM translator applications from the pool of potential cross-service translators. In the Third Further Notice, we asked whether it would be appropriate to remove this limit on cross-service translators with respect to those pending applications. Specifically, we asked whether the limit should be removed for those applications which were on file as of May 1, 2009. We stated that resolving this issue before processing of the pending translator applications would align FM translator processing outcomes more closely with demand by enabling applicants to take the rebroadcasting option into account in the translator settlement and licensing processes, thereby advancing the goals of section 5(2) of the LCRA. We also noted that allowing cross-service translators had been a very successful deregulatory policy.

2. Comments

64. Most commenters support removing the date restriction for pending FM translator applications. These commenters point to the public service benefits that FM translators have provided to AM stations. Some argue that the need for the date restriction is going away now that the Commission will be opening an LPFM window.

65. To the extent that commenters take a contrary position, most argue for some type of restriction or limitation on cross-service translators in general. Some LPFM proponents argue for qualifying criteria for cross-service translators, such as local ownership, lack of in-market FM ownership by the AM licensee, diversity of ownership, amount of local programming, and quality of AM signal. REC Networks and Prometheus argue that the 250-watt power level allowed for “fill-in” AM translators should be reduced before cross-service translators are expanded. NPR argues that the date restriction should be kept in place unless the Commission

adopts strong anti-trafficking rules so that traffickers in the current pool of Auction 83 applicants will not benefit from the change.

3. Analysis

66. We will modify the date restriction to allow pending FM translator applications that are granted to be used as cross-service translators. As we explained in the Third Further Notice, the limitation of cross-service translator usage to already-authorized translators was adopted with the intention of preserving opportunities for future LPFM licensing. In the Third Further Notice, we decided to revisit this pre-LCRA policy. We proposed changes in the FM translator application processing rules designed to accomplish more effectively the goal of preserving spectrum for future LPFM licensing. Given those proposed changes, as stated above, we indicated that removing the date limit, at least for the pending translator applications, could align FM translator licensing outcomes more closely with demand, thereby advancing the goals of section 5(2) of the LCRA.

67. With our adoption of the revised translator application processing policies described above, we believe we have effectively addressed the LPFM spectrum issue that prompted the pre-LCRA date limitation on cross-service translators. Having done so, we believe the translators that are put into service from the pool of pending applications should be put to their best use, consistent with the directive of section 5(2) to carry out FM translator licensing “based on the needs of the local community.” Our view is that, with the FM translator processing policies described above in effect, the public interest benefits from expanding cross-service translator service are considerably more significant than any downside from allowing any forthcoming Auction No. 83 authorizations to be used for such service.

68. With respect to the proposed restrictions or limitations on cross-service

translators sought by LPFM proponents, most are essentially untimely petitions for reconsideration of the 2009 Translator Order. Accordingly, and because we intend to consider modifications to our FM translator rules and procedures more generally in a separate proceeding, as discussed below, we decline to consider these arguments here. In any event, we believe the LPFM proponents who argue for such restrictions fail to recognize the significant public interest benefits that will accrue from expanding the pool of potential cross-service translators. In the 2009 Translator Order, we described the substantial benefits to local listeners that cross-service translators were providing, for example, providing pre-sunrise and post-sunset coverage of traffic, weather, news and sports programming and improving localism, competition and diversity in a number of radio markets. The record here confirms those benefits and supports a change in the date limitation to allow permits or licenses arising from pending FM translator applications to be used as cross-service translators.

69. Again, we intend to revise our FM translator rules before the next FM translator auction window, so parties will have an opportunity to present their views at that time with respect to any appropriate modifications in our translator rules and procedures. If parties wish to argue that priority should be given in future translator auction windows to Class D AM stations or AM stations that lack a co-owned FM outlet, then they may do so in that proceeding.

70. Accordingly, we grant reconsideration of the 2009 Translator Order to the extent of allowing authorizations arising from pending FM translator applications to be used as cross-service translators. With respect to future FM translator applications, we will address their potential use as cross-service translators in a future rulemaking to revise our FM translator rules.

II. THIRD ORDER ON RECONSIDERATION

71. In the Third Report and Order discussed above, the Commission established a

going-forward limit of ten pending short-form applications per applicant from FM translator Auction No. 83, and directed the Bureau to resume processing the applications of those applicants in compliance with this numerical cap.

72. Petitions for reconsideration opposing the cap were filed by CSN International, National Religious Broadcasters, Positive Alternative Radio, Inc., and Educational Media Foundation et. al. In light of our adoption of the market-specific translator application dismissal process described in this Fourth Report and Order, we dismiss them as moot.

III. PROCEDURAL MATTERS

73. Final Regulatory Flexibility Analysis. As required by the Regulatory Flexibility Act, 5 U.S.C. 603, the Commission has prepared a Final Regulatory Flexibility Analysis (FRFA) of the possible significant economic impact on small entities of the proposals suggested in this document. The FRFA is set forth in Appendix C.

74. Paperwork Reduction Act. This document contains new information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13 (U.S.C. 3501-3520). The requirements will be submitted to the Office of Management and Budget (OMB) for review under section 3507(d) of the PRA. The Commission will publish a separate notice in the Federal Register inviting comments on the new information collection requirements adopted in this document. In addition, we note that pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, see 44 U.S.C. 3506(c)(4), we previously sought specific comment on how the Commission might further reduce the information collection burden for small business concerns with fewer than 25 employees. We describe impacts that might affect small businesses, which includes most businesses with fewer than 25 employees, in the FRFA in Appendix C, *infra*.

75. Congressional Review Act. The Commission will send a copy of this Fourth Report and Order in a report to be sent to Congress and the Government Accountability Office pursuant to the Congressional Review Act, see 5 U.S.C. 801(a)(1)(A).

Final Regulatory Flexibility Analysis.

76. As required by the Regulatory Flexibility Act (RFA), an Initial Regulatory Flexibility Analysis (IRFA) was incorporated in the Third Further Notice of Proposed Rulemaking (Third Further Notice) in MM Docket No. 99-25, and MB Docket No. 07-172, RM-11338. The Commission sought written public comment on the proposals in the Third Further Notice, including comment on the IRFA. We received no comments specifically directed toward the IRFA. This Final Regulatory Flexibility Analysis (FRFA) conforms to the RFA.

A. Need for, and Objectives of, the Fourth Report and Order

77. This rulemaking proceeding was initiated to seek comment on how the enactment of section 5 of the Local Community Radio Act of 2010 (“LCRA”) would impact the procedures previously adopted to process the approximately 6,500 applications which remain from the 2003 FM translator window. The Commission previously established a processing cap of ten pending short-form applications per applicant from FM translator Auction No. 83. The Fourth Report and Order concludes that that this cap was inconsistent with the LCRA licensing criteria. It further concludes that a market-specific, spectrum availability-based translator application dismissal policy most faithfully implements section 5 of the LCRA. Specifically, it sets forth a dismissal policy in which the Commission will impose a national application cap and/or a one application per applicant per market in the markets identified in Appendix A of the Fourth Report and Order. It directs the Media Bureau to issue a Public Notice asking applicants to identify applications for continued processing, consistent with these limits. Upon completion of this selection/dismissal

process, the Bureau will process the remaining applications in “spectrum available” markets, as defined in the Fourth Report and Order. Applicants will be able to file amendments demonstrating that their applications will not preclude any LPFM channel/point combination identified in the grid studies. Those applications that fail to do so will be dismissed.

78. Applicants with proposals remaining in “spectrum limited” markets, as defined in the Fourth Report and Order, will also be given one opportunity to modify their proposals to eliminate all preclusive impacts on protected LPFM channel/point combinations. Applications that conflict with protected channel/point combinations and that are not amended to eliminate all such conflicts will be dismissed.

79. The Fourth Report and Order also modifies certain recently adopted FM translator service rule changes as a result of the enactment of the LCRA. Specifically, it modifies the date restriction contained in § 74.1232(d) of the Rules to allow pending FM translator applications that are granted to be used as cross-service translators.

B. Summary of Significant Issues Raised by Public Comments in Response to the IRFA

80. None.

C. Description and Estimate of the Number of Small Entities to Which the Proposed Rules Will Apply.

81. The RFA directs the Commission to provide a description of and, where feasible, an estimate of the number of small entities that will be affected by the proposed rules. The RFA generally defines the term "small entity" as encompassing the terms "small business," "small organization," and "small governmental entity." In addition, the term “small business” has the same meaning as the term “small business concern” under the Small Business Act. A small

business concern is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the Small Business Administration ("SBA").

82. Radio Broadcasting. The policies adopted in the Fourth Report and Order apply to radio broadcast licensees, and potential licensees of radio service. The SBA defines a radio broadcast station as a small business if such station has no more than \$7 million in annual receipts. Business concerns included in this industry are those primarily engaged in broadcasting aural programs by radio to the public. According to Commission staff review of the BIA Publications, Inc. Master Access Radio Analyzer Database as of January 31, 2011, about 10,820 (97 percent) of 11,100 commercial radio stations) have revenues of \$7 million or less and thus qualify as small entities under the SBA definition. We note, however, that, in assessing whether a business concern qualifies as small under the above definition, business (control) affiliations must be included. Our estimate, therefore, likely overstates the number of small entities that might be affected by our action, because the revenue figure on which it is based does not include or aggregate revenues from affiliated companies.

83. In addition, an element of the definition of “small business” is that the entity not be dominant in its field of operation. We are unable at this time to define or quantify the criteria that would establish whether a specific radio station is dominant in its field of operation. Accordingly, the estimate of small businesses to which rules may apply do not exclude any radio station from the definition of a small business on this basis and therefore may be over-inclusive to that extent. Also, as noted, an additional element of the definition of “small business” is that the entity must be independently owned and operated. We note that it is difficult at times to assess these criteria in the context of media entities and our estimates of small businesses to

which they apply may be over-inclusive to this extent.

84. FM translator stations and low power FM stations. The policies adopted in the Fourth Report and Order affect licensees of FM translator and booster stations and low power FM (LPFM) stations, as well as potential licensees in these radio services. The same SBA definition that applies to radio broadcast licensees would apply to these stations. The SBA defines a radio broadcast station as a small business if such station has no more than \$7 million in annual receipts. Given the nature of these services, we will presume that all of these licensees qualify as small entities under the SBA definition. Currently, there are approximately 6131 licensed FM translator stations and 860 licensed LPFM stations. In addition, there are approximately 646 applicants with pending applications filed in the 2003 translator filing window. Given the nature of these services, we will presume that all of these licensees and applicants qualify as small entities under the SBA definition.

D. Description of Projected Reporting, Record Keeping, and Other Compliance Requirements

85. In the Fourth Report and Order, we require Auction No. 83 applicants to identify which applications they wish to preserve to come into compliance with the national and market-based caps. This will enable the Commission to move quickly through a backlog of applications that have been pending since 2003 and open a new filing window for the LPFM service.

E. Steps Taken to Minimize Significant Economic Impact on Small Entities and Significant Alternatives Considered

86. The RFA requires an agency to describe any significant alternatives that it has considered in reaching its proposed approach, which may include the following four alternatives (among others): (1) the establishment of differing compliance or reporting requirements or

timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance or reporting requirements under the rule for small entities; (3) the use of performance, rather than design, standards; and (4) an exemption from coverage of the rule, or any part thereof, for small entities.

87. The Fourth Report and Order establishes a market-specific, spectrum availability-based approach to the processing of remaining translator applications. It also establishes national and market-specific application caps. In adopting these policies, several alternative approaches were considered:

88. Size of Grid. The Commission considered alternatives to the 31x31 market study grid proposed in the Third Further Notice. For example, it considered a smaller, 21x21 grid, as well as a larger grid based on Arbitron market boundaries. The Fourth Report and Order adopts a 31x31 grid, but adopts a 21x21 grid in markets where 75 percent or more of the population is located in that smaller grid.

89. Processing of Translator Application in Spectrum-Limited Markets. The Third Further Notice proposed to dismiss all applications in certain spectrum-limited markets. One alternative considered was to allow continued processing of certain translator applications in “spectrum limited” markets. The Fourth Report and Order adopts this policy.

90. We believe that the adopted policies offer significant benefits to small entities. The market-based approach ensures additional spectrum for LPFM stations in markets in which it is most limited while also ensuring the immediate licensing of translator stations in communities in which ample spectrum remains for both services, including many major markets. Use of the smaller grid and allowing the processing of additional translators benefit small entities because they will increase licensing opportunities for both LPFM stations and translators.

Adoption of the application caps will benefit translator and LPFM proponents because it will allow the Commission to quickly act on applications that have been pending for more than eight years and to open an LPFM window in the near future.

91. We likewise believe that removing the date restriction contained in § 74.1232(d) of the rules to allow pending FM translator applications that are granted to be used as cross-service translators will benefit small entities because it will expand opportunities for translator licensees to rebroadcast AM service.

F. Report to Congress

92. The Commission will send a copy of the Fourth Report and Order, including this FRFA, in a report to be sent to Congress pursuant to the SBREFA. In addition, the Commission will send a copy of the Fourth Report and Order, including the FRFA, to the Chief Counsel for Advocacy of the SBA. A copy of the Fourth Report and Order and the FRFA (or summaries thereof) will also be published in the Federal Register.

Ordering Clauses.

93. Accordingly, IT IS ORDERED that the Petitions for Reconsideration filed by Robert A. Lynch on July 28, 2009, and Edward A. Schober on July 28, 2009, ARE GRANTED IN PART to extent set forth above.

94. IT IS FURTHER ORDERED that the Petitions for Reconsideration filed by CSN International on February 4, 2008; National Religious Broadcasters on February 15, 2008; and Positive Alternative Radio, Inc. and Educational Media Foundation on February 19, 2008, ARE DISMISSED AS MOOT.

95. IT IS FURTHER ORDERED that pursuant to pursuant to the authority contained in sections 4(i), 301, 302, 303(e), 303(f) and 303(r) of the Communications Act of 1934, as amended,

47 U.S.C, 154(i), 301, 302, 303(e), 303(f) and 303(r), and the Local Community Radio Act of 2010, Pub. L. 111-371, 124 Stat. 4072 (2011), this Fourth Report and Order is hereby ADOPTED and Part 74 of the Commission's rules ARE AMENDED as set forth in Appendix D, effective 30 days after publication in the Federal Register.

96. IT IS FURTHER ORDERED that the rules adopted herein will become effective thirty (30) days after publication in the Federal Register, except for any rules or requirements involving Paperwork Reduction Act burdens, which shall become effective upon announcement in the Federal Register of OMB approval and an effective date of the rule(s).

97. IT IS FURTHER ORDERED that the Commission's Consumer and Governmental Affairs Bureau, Reference Information Center, SHALL SEND a copy of this Fourth Report and Order, including the Final Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the Small Business Administration.

List of Subjects in 47 CFR Part 74

Radio.

FEDERAL COMMUNICATIONS COMMISSION

Sheryl D. Todd,
Deputy Secretary.

Rule changes

For the reasons discussed in the preamble, the Federal Communications Commission amends 47 CFR Part 74 to read as follows:

PART 74 – EXPERIMENTAL RADIO, AUXILIARY, SPECIAL BROADCAST AND OTHER PROGRAM DISTRIBUTIONAL SERVICES

1. The authority citation for part 74 continues to read as follows:

Authority: 47 U.S.C. 154, 303, 307, 309, 336, and 554.

2. Section 74.1232(d) is revised to read as follows:

§ 74.1232 Eligibility and licensing requirements.

* * * *

(d) An authorization for an FM translator whose coverage contour extends beyond the protected contour of the commercial primary station will not be granted to the licensee or permittee of a commercial FM radio broadcast station. Similarly, such authorization will not be granted to any person or entity having any interest whatsoever, or any connection with a primary FM station. Interested and connected parties extend to group owners, corporate parents, shareholders, officers, directors, employees, general and limited partners, family members and business associates. For the purposes of this paragraph, the protected contour of the primary station shall be defined as follows: the predicted 0.5mV/m contour for commercial Class B stations, the predicted 0.7 mV/m contour for commercial Class B1 stations and the predicted 1 mV/m field strength contour for all other FM radio broadcast stations. The contours shall be as predicted in accordance with § 73.313(a) through (d) of this chapter. In the case of an FM radio broadcast station authorized with facilities in excess of those specified by § 73.211 of this chapter, a co-owned commercial FM translator will only be authorized within the protected contour of the

class of station being rebroadcast, as predicted on the basis of the maximum powers and heights set forth in that section for the applicable class of FM broadcast station concerned. An FM translator station in operation prior to March 1, 1991, which is owned by a commercial FM (primary) station and whose coverage contour extends beyond the protected contour of the primary station, may continue to be owned by such primary station until March 1, 1994.

Thereafter, any such FM translator station must be owned by independent parties. An FM translator station in operation prior to June 1, 1991, which is owned by a commercial FM radio broadcast station and whose coverage contour extends beyond the protected contour of the primary station, may continue to be owned by a commercial FM radio broadcast station until June 1, 1994. Thereafter, any such FM translator station must be owned by independent parties.

An FM translator providing service to an AM fill-in area will be authorized only to the permittee or licensee of the AM radio broadcast station being rebroadcast, or, in the case of an FM translator authorized to operate on an unreserved channel, to a party with a valid rebroadcast consent agreement with such a permittee or licensee to rebroadcast that station as the translator's primary station. In addition, any FM translator providing service to an AM fill-in area must have been authorized by a license or construction permit in effect as of May 1, 2009, or pursuant to an application that was pending as of May 1, 2009. A subsequent modification of any such FM translator will not affect its eligibility to rebroadcast an AM signal.
