be forced to sell their product at below competitive market prices in order to gain access to the local market controlled by one or a few local group owners. However, the ever increasing number of alternative providers of delivered video programming in just about every major market may mitigate the potential distortion of video programming prices through an entity's control of broadcast access to television sets in a local market by providing program producers with additional outlets for their product. The Commission solicits comment on this point and evidence on the potential market power in the purchase of video programming in different markets if we were to relax the local ownership rule.

42. As with relaxing the national ownership limits, relaxing local ownership limits could increase the price of broadcast television stations. The potential for increased prices of broadcast TV stations is troubling in light of the limited financial ability of minorities and women to purchase TV stations. The Commission addressed issues relating to the difficulties of minorities and women in obtaining access to capital in a Notice of Proposed Rule Making in MM Docket 94–150 (FCC 94–324, adopted December 15, 1994, and released January 12, 1995). We ask for comment and analysis of these issues.

43. The Commission is also concerned about the possibility that changes in the local ownership limits may adversely affect the pool of independent television stations available for acquisition by and/or affiliation with nascent broadcast networks. Consequently, we solicit comment on the effects of allowing station ownership consolidation at the local level on the future development of these nascent broadcast networks. A separate but related concern, is with allowing the owner of a station affiliated with or owned by an established broadcast network to own another broadcast television station serving the same market. This possibility may confer on such an owner more market power than would arise from an independent station operator acquiring a second station in the market. Comment is sought on the importance of this concern.

Effects on Diversity

44. The Commission's concern with diversity is most acute with respect to local ownership issues. The Commission has consistently believed that a reduction in local outlet diversity would translate into a reduction of viewpoint diversity. While the existing duopoly rule may foster diversity by assuring that only one television outlet in a given market can be owned by a single entity or individual (assuring that each local television outlet is owned by a different person or entity), we believe it is appropriate to solicit comments on whether the rule remains essential in its current form to ensure diversity.

45. In recent years the totality of information outlets on the local level has increased. In a recent radio ownership proceeding (Report and Order in MM Docket No. 91–140, 57 FR 18089, April 29, 1992), the Commission found that the abundance of radio and other media outlets now available ''make clear that the local marketplace is far more competitive and diverse—indeed, has been virtually transformed—since the local ownership rules were first promulgated.'' On this basis, the Commission liberalized the duopoly rule with respect to radio.

46. With respect to television, because of the fewer number of broadcast television stations than broadcast radio stations, we must be cautious in our analysis of outlet diversity, and the impact of mergers among TV stations on the local level on such diversity. Further, it should be recognized that the apparent level of television outlet diversity may not reflect what is in fact available to, or obtainable by, many consumers. For example, cable and other subscription services are perceived to provide an alternative video outlets. How, if at all, should the portion of viewers that chooses not to subscribe affect our analysis of available programming outlets? Is an outlet of opinion less available simply because it is not popular or is more costly? Further comment is requested on the degree to which such fee-based sources and outlets for video programming provide true alternatives to over-the-air television for purposes of ensuring viewpoint diversity.

Tentative Proposals

47. The Commission sets out one specific proposal and requests comment on other possible rule changes. The current rule prohibits common ownership of broadcast television stations with overlapping Grade B contours. The Commission believes that the record already established in this proceeding is sufficient to justify proposing to relax the rule by decreasing its prohibited contour overlap from Grade B to Grade A. Comment is sought on this proposal as well as on other possible ways in which the rule could be modified.

48. The NPRM, asked whether the Commission should modify the contour overlap rule, balancing the greater flexibility afforded broadcasters against the potential harm to our underlying competition and diversity concerns. Comment was invited on whether the predicted Grade B contour should continue to determine prohibited overlap, or whether it should be changed to the Grade A contour. The vast majority of commenters agreed that a Grade A contour standard provides a substantially more realistic and accurate measure of a station's core market than the existing Grade B contour rule. The commenters also stated that the switch from a Grade B standard to a Grade A standard will increase broadcasters' long-term viability by enabling them to reap the benefits provided by ''economies of scale''—without any commensurate loss in program diversity. The Commission thus proposes to modify this rule so that joint ownership will be precluded only where there is overlap of the Grade A contours. The Commission seeks further comment on this proposal in light of our competitive and diversity analyses of the television broadcasting industry. Comment is also requested on what the impact would be of moving from a Grade B to a Grade A contour rule on particular markets. Further, how many cases would occur in which relaxing the rule to a Grade A contour would allow an entity to own two stations within a single designated market area or within a single metropolitan statistical area?

49. As a separate matter from whichever contour test the Commission ultimately decides to use, the issue arises as to whether, in at least some situations, a company should be allowed to acquire stations with overlapping contours. The Commission requests comment on whether to permit common ownership in local markets, such as UHF/UHF combinations or UHF/VHF combinations, or maintain the current prohibition against contour overlap and allow waivers either under a presumptive guideline or a case-by-case basis.

50. The NPRM asked whether or not an entity should be permitted to own two UHF stations with overlapping contours. Comment was also sought on whether the Commission should permit a UHF station to merge with a VHF station as a more effective way of preserving or improving the service of UHF stations, and on whether it would be appropriate to consider such consolidations only where a minimum number of separately owned television stations would remain after the proposed combination. Commenters were very divided as to whether the economic benefits to licensees outweighed the potential harm to