Before the Federal Communications Commission Washington, D.C.

In the Matter of)
)
AUCTION NO. 62)

To: Secretary

Attn: WTB/ASAD

COMMENTS OF STRATTAN BROADCASTING, INC.

Strattan Broadcasting, Inc. ("SBI"), by its attorneys, hereby submits its comments in response to Public Notice DA 05-1076, released April 14, 2005 relative to Auction 62.

Two of the construction permits proposed to be auctioned are for Farmington Township, Pennsylvania (FM110) and Strattanville, Pennsylvania (FM112). SBI believes that these two allotments, added to the Table of Allotments in 2000, should be removed from the inventory of construction permits to be auctioned. While the reasons justifying removal of these may also apply to other allotments in the inventory, SBI's comments are limited to these two allotments.

Since the time of the allotment, circumstances in these communities and the surrounding area have changed. According to the Census Bureau, the population of Farmington Township has fallen nearly 2% between 2000 and 2003. The population of Strattanville has fallen nearly 3% in the same period. Since there is a significant Amish

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

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

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

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

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

and spreading of risk will be successful, while small, independent broadcasters who cater

to the needs of the locality will ultimately be forced out of business.

A sealed bid auction structure, in which each interested applicant makes its first,

last, best and only bid for an allotment would result in more reasonable bid amounts,

fewer bid withdrawals and fewer defaults.

SBI believes it is important that spectrum be auctioned, particularly under the

current auction structure, only where its use will be efficient. It is not efficient for a

channel to be tied up for three or more years in the hope that it will serve a relative

handful of potential listeners.

SBI therefore suggests that the allotments for Strattanville and Farmington

Township be removed from the inventory of Auction 62 for reallotment in a more

efficient manner, or to be auctioned at some future time when the local population has

expanded and the local economy has improved.

Respectfully submitted,

STRATTAN BROADCASTING, INC.

By:

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