

**Statement of Commissioner James H. Quello**  
**Report and Order,**  
**Review of the Technical Assignment Criteria for the AM Broadcast Service**  
**September 26, 1991**

Today's vote to strengthen the AM broadcasting service comes at a crucial time. With the recent NAB report revealing that more than half of all radio stations are losing money and with AM being the hardest hit, the public interest demands that we take positive action. I hope the initiatives adopted today come soon enough and are far-reaching enough to help reverse current trends.

While I fully support this Report & Order in general, I have some reservations about the tentative conclusion that we should alter our rules regarding AM/FM simulcasting. I concur in the result of the Commission reaching a tentative conclusion only because it means that we have decided to keep the current rules intact. It is true that the Commission will revisit the issue in three years, but today's action creates no presumption that the rules will change when that time comes. Just as with any change in policy, we must have record support for the choice we make. But on the current record, there simply is no basis to conclude — tentatively or otherwise — that the reduction or elimination of simulcasting will help AM radio.

I can agree as an abstract principle that perhaps it would be better if every station generated original programming. In that sense only can I support the tentative conclusion. But we do not live in the abstract and AM radio needs to be assisted more than just "in principle." We need to know far more before we could reasonably conclude that restricting simulcasting will reduce interference or make the band stronger as a whole.

It is noteworthy that the Notice of Proposed Rulemaking did not ask how many AM/FM combinations serve substantially different service areas. Nor did it gather information regarding the extent of program duplication. Without this information, we haven't the slightest notion of the extent to which the proposed reduction of simulcasting would help eliminate AM congestion. On the other hand, there is evidence in the record that broadcasters would be harmed by reimposing restrictions on simulcasting. At this point we can be certain of only one thing: a forced reduction in simulcasting would drive up the programming costs of the affected AM broadcasters at a time when they can least afford it.

I understand the philosophy of the tentative conclusion. It is that you can't make an omelette without breaking a few eggs. But in this case the "eggs" are AM broadcasters who have been operating under the rules that the Commission established. I just think it is irresponsible to start breaking eggs unless we know that we have the other ingredients we need to make the omelette.

With respect to eligibility for the expanded band, I agree with the principle that new entrants should have access. But as with the issue of AM/FM simulcasting, we must take a real world view. Migration to the new frequencies makes economic sense only for those who can transmit programming on an established channel until there is

significant penetration in the market by new receivers capable of tuning in 1605 to 1705 kHz. Allowing new entrants a theoretical spot on the expanded band would be doing them no favor. For those who lack an existing station from which to weather the transition, we would be giving them nothing but a license to lose money.

For those potential entrants who genuinely are interested in becoming AM broadcasters, I would suggest exploring the possibility of acquiring an existing station. My understanding is that it is a buyer's market.