

Statement of FCC Commissioner James H. Quello  
before the  
Subcommittee on International Operations  
June 4, 1981

I agree with Chairman Fowler's remarks and his open-minded attitude and particularly the statement defining his approach: "The Commission's consideration of these complex issues will be undertaken on the basis of an extensive record of formal and informal comments in domestic inquiries and the deliberations of the international Panel of Experts on the subject."

As of this date, I believe the overall showing before the FCC is inconclusive. It may not justify the far-reaching consequences of reducing spacing from 10 kHz to 9 kHz in the AM broadcast band--the interference, disruption, confusion and expense to radio listeners as well as radio licensees. I'm particularly perplexed on how narrowing the spacing can possibly improve the overall quality of service. Engineering reports indicate there will be an increase in adjacent channel interference. With the present explosion in telecommunications (multiple channel cable, low power TV, teletext, STV, MDS), we should explore maintaining and improving the quality of service. Any action that may add 200 to 1400 stations to an already satiated radio market should be compatible with maintaining quality of service. Many radio stations are currently showing losses -- the time seems inopportune to add more stations and to force stations to spend millions of dollars on a project the great majority strongly opposes.

According to financial Form 324 submitted to the FCC for 1979 (the 1980 figures are not yet collated), 54% of the AM stations in Florida lost money; 49% of the AM-FM combinations lost money and 42% of FM stations. In my former home State of Michigan the loss figures were: 60% AM, 27% AM-FM combination

and 29% FM. In my new home State of Virginia the loss figures were 43% AM, 38% AM-FM combination and 50% FM; in Washington, D.C. the loss figures were 60% AM; none AM-FM combination (there is only one station); and 33% FM. In a big communications center like New York the loss figures were: 46% AM, 54% AM-FM combination and 54% FM. Television stations loss figures for the same states were: Florida 23%; Michigan 31%; Virginia 21%; Washington, D.C. -0 (five stations); New York 25%.

In addition to expense, I'm concerned that adopting 9 kHz may aggravate the existing troublesome interference problem.

I'm sympathetic to daytime only stations that want to operate fulltime or at a minimum to 6 p.m. The Commission should exert every effort to solve or alleviate this daytime problem outside the controversial 9 kHz proposal.

Also, I don't believe a move from 10 to 9 kHz is the solution to the outrageous interference caused by Cuban stations. If Cuba is violating international agreements now, there is no assurance of Cuban compliance in the future-- especially with Castro's longstanding antagonistic attitude toward the United States. The Cuban radio problem seems more political than technical and not likely to be solved or mitigated by a change in spacing and the nationwide disruption of an orderly allocation system. I'm glad your Committee is addressing this critical problem as it will probably require State Department negotiations.

I earlier expressed my concerns in a concurring statement in which my esteemed colleague, Commissioner Abbott Washburn, joined. We concurred in the Commission's decision only with the understanding that the subject would be aired before all participants in the Region 2 Conference. A copy of the statement is attached.

I believe the Commission must thoroughly study and analyze all comments pro and con, carefully review studies that are still outstanding, and consider the recommendations of the Industry Advisory Committee and the international Panel of Experts.

The 9 kHz proposal represents a drastic change that alters a working nationwide allocation system and impacts every listener and licensee in the United States. This far-reaching action should be undertaken only for the most compelling of international and public interest reasons.

In my opinion, the proponents have the burden of proving that this cataclysmic change is in the public or national interest.

Attachment

December 12, 1979

CONCURRING STATEMENT OF  
FCC COMMISSIONER JAMES H. QUELLO  
IN WHICH COMMISSIONER ABBOTT WASHBURN JOINS

In re: 9 kHz Spacing in the AM Radio Broadcasting Service

I rather reluctantly concur in our majority vote for reducing the spacing in the AM broadcast service because of the inconclusive showing made on our current record. I have a nagging concern that we might be proposing a course of action which could be counterproductive in terms of overall service to the public.

First, the tests and measurements conducted by NTIA and three of our licensees demonstrate that theoretical projections and practical results quite often differ. The fact is that none of the three stations was able to operate within required parameters after shifting frequency. Despite speculation by the staff that, in one case, "...an engineering study to optimize the parameters would probably correct this problem..." I would prefer greater assurance that we are proceeding with appropriate caution.

Second, I don't believe that the potential impact upon AM stereo has been fully assessed. The task force generally has recognized that it might be necessary to restrict the bandwidth of emissions to 5 kHz "...or some other suitable value..." to avoid unacceptable adjacent channel interference. While it is still possible to have stereo under restricted bandwidth conditions, without adequate audio fidelity, I question its public appeal. With regard to the argument that AM is generally "receiver-limited" in audio quality at the present time, I suspect that any such limitation is largely the result of the many small and inexpensive "pocket" receivers now in use. AM stereo, of course, would be expected to find the bulk of its appeal among the mobile audience and automobile receivers are generally far superior in quality to many of the "pocket" variety. It must also be remembered that AM stereo will have to compete, at least to some extent, with FM stereo which is generally regarded as being of high quality.

I am also very concerned that our proposal will raise unrealistic expectations among potential beneficiaries. In presenting three alternative plans for implementing a 9 kHz spacing plan, the task force acknowledges that their estimates of the number of new stations to be gained are subject to error. In making its recommendations to the Commission, the task force noted: "The alternative plans assume the United States can assign fulltime stations on all the channels created by reduced spacing. This assumption may not be realistic." The fact that Canada, Mexico and Cuba are likely to insist

upon sharing some of these new frequencies, at least in border areas, assures us that we will not be able to use all of the frequencies. Beyond that, such matters as demographics and economics must be considered before any viable assignments are made.

Finally, while reduction in spacing is being advanced as a boon to minority entrepreneurs, the comments -- or lack thereof -- from minority individuals and organizations would seem to indicate that they don't welcome this proposal with great enthusiasm.

Despite my misgivings, however, I believe all possibilities should be further constructively considered. It is possible these insufficiently addressed questions may eventually be answered favorably and that the facts may then lead to the conclusion that 9 kHz spacing will produce some of the anticipated benefits. I support the Commission's desire to explore the concept of 9 kHz spacing in an international forum wherein the nations of Region 2 will have the opportunity of contributing their views.

Therefore, I concur.