

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION

WASHINGTON, D. C.

<p>In the Matter of THORNE DONNELLEY, doing business as DON- NELLEY RADIO TELEPHONE Co., for coastal harbor facilities at LAKE BLUFF, ILL. (WAY), Construction Permit. MACKINAC ISLAND-ROGERS CITY, MICH. (WHC) (Central Radio Telegraph Co.), Construction Permit. HOUGHTON, MICH., Construction Permit. MARINE CITY, MICH., Construction Permit. MANISTEE, MICH., Construction Permit.</p>	}	<p>DOCKETS Nos. 5548, 5549, 5846, 5847, and 5848</p>
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March 5, 1941

Horace L. Lohnes and Joseph E. Keller on behalf of the applicant;
Frank C. Dunbar and Frank C. Dunbar, Jr., on behalf of Lorain
County Radio Corporation; *Manton Davis, Frank W. Wozencraft*, and
Wilson Hurt on behalf of Radiomarine Corporation of America; *Gil-*
bert R. Johnson on behalf of Lake Carriers' Association; *Lee C.*
Hinslea and John T. Haswell on behalf of Central Radio Telegraph
Co.; *Marshall S. Orr* on behalf of the Commission.

PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF THE COMMISSION

FINDINGS OF FACT

1. All of the applications involve existing or proposed coastal har-
bor radiotelephone stations in the Great Lakes region and were heard
by an employee of the Commission in a single proceeding. In Dockets
5548 and 5549 the applicant requests authority to use certain high fre-
quencies above 3000 kilocycles at his existing coastal harbor stations
located at Lake Bluff, Ill. (WAY), and Mackinac Island, Mich.
(WHC), respectively. Dockets 5846, 5847, and 5848 involve applica-
tions for new stations at Houghton, Mich., Marine City, Mich., and

Manistee, Mich., respectively, and request authority to use all frequencies now available under the rules.

2. The high frequencies (above 3000 kilocycles) requested in Dockets 5548 and 5549 were not allocated for this service under the rules of the Commission at the time the applications were designated for hearing. However, the Commission has since made certain frequencies above 3000 kilocycles available for assignment to Great Lakes coastal harbor stations on a conditional and restricted basis. This action was taken prior to the hearing of these matters, but following a general hearing on the subject of frequencies in Cleveland, Ohio, during March 1940 (Docket 5816). The applications were amended prior to hearing to specify the frequencies provided for in the rules. In addition, Dockets 5846, 5847, and 5848 specify the frequency 2572 kilocycles and in Dockets 5548 and 5549 the applications request 6480 kilocycles and 8585 kilocycles. No testimony was offered to indicate a need for the use of these frequencies, which are not available under the rules.

3. Subsequent to the hearing on the above applications, the Commission, on December 17, 1940, granted an application for construction permit to move Station WHC (Mackinac Island) to Rogers City, Mich. It approved, on the same date, an assignment of license to Central Radio Telegraph Co., and granted the motion of Central Company (a) to be substituted as the applicant in Docket 5549 (above), (b) to dismiss Central Company's applications for a coastal harbor station at Rogers City, Mich. (Dockets 5542 and 5543), and (c) to incorporate in Docket 5549 (above) the record compiled in Dockets 5542 and 5543, relating to the use of high frequencies in the Mackinac-Rogers City area.

4. The applicant, Thorne Donnelley, is vice president and general manager of Reuben H. Donnelley Corporation, publishers, and a large stockholder in R. R. Donnelley and Sons, printers. In the year 1939 he paid a total income tax of \$157,267.90. The firms with which applicant is connected have no interest of any kind in the Donnelley Radio Telephone Co. The large number of telephone directories printed by R. R. Donnelley and Sons for the American Telephone and Telegraph Co. represent less than 3 percent of the printing business done by that company. There are no contractual arrangements or understandings between the applicant and any other communications carriers other than connecting agreements with Illinois Bell Telephone Co. and the Michigan Bell Telephone Co. to provide land-line service to and from applicant's radio stations.

5. The applicant is the sole proprietor of licensed radiotelephone Station WAY at Lake Bluff, Ill., and, until January 16, 1941, was the licensee and sole proprietor of WHC at Mackinac Island, Mich.

He has been interested in radiotelephone since the World War and has had a telephone set on his yacht since 1928. The applicant is willing to operate the stations at a loss for an indeterminate period under the hope and belief that they will eventually make a return on the investment. In addition to a general manager, who is familiar with the construction and operation of radio equipment, the applicant employs the services of qualified radio consulting engineers from time to time for the purpose of making special studies and recommendations.

6. The applicant's general manager stated, in behalf of the applicant, that the application for a station at Marine City, Mich. (Docket 5847) would not be pressed. Accordingly, no testimony was offered concerning the need for service at this point, nor was there any testimony on other important subjects specified in the notice of hearing.

7. In support of the application for a station at Manistee, Mich. (Docket 5848), some testimony was offered concerning the need of the railroad-car ferries for radiotelephone service. It appears that these vessels are presently equipped with radiotelegraph, but that the railroads are giving serious consideration to the possibility of shifting to radiotelephone. However, a witness representing the Pere Marquette and Ann Arbor Railroads stated that their study of the problem was not complete. As to the general need for the service at this point, the applicant offered no evidence other than the volume of shipping at nearby ports as set forth in the report of the Board of Army Engineers. While the applicant did not actually abandon the Manistee application, his general manager, nevertheless, stated that he did not believe the Commission would grant the license for the reason that "we have not yet produced complete evidence that there is a need for such a station."

8. In Docket 5846 authority is sought to construct a coastal harbor station on the Keewenaw Waterway at Houghton, Mich. The waterway traverses the Keewenaw Peninsula, which extends into Lake Superior from the southern shore about midway between the east and west ends of the lake. The nearest existing United States coastal harbor station is located at Duluth, Minn., a distance of some 150 miles. There is no United States station at the eastern end of the lake, although a Canadian station is located not far from Sault Ste. Marie. The nearest United States station to the eastward would be that of Central Radio Telegraph Co. at Rogers City, Mich., on Lake Huron, an air-line distance of approximately 250 miles.

9. The largest local industry in the Houghton area is copper mining and copper refining. Shipments of refined copper will vary from

year to year but have been as high as 100,000 tons. During the last war refined copper was shipped as rapidly as possible, even to the extent of loading a 3,000-ton ship with 5,400 tons of copper. Single cargoes of copper may be valued as high as \$2,500,000. The east-bound traffic out of Houghton is principally refined copper, maple flooring and dairy freight, while the in-bound, or west-bound, traffic includes package freight, coal, and automobiles.

10. Other vessels frequently go through the waterway for the purpose of avoiding bad weather outside. In the year 1938, the total number of vessels up-bound, or west-bound, was 267, and east-bound 161. Local traffic amounted to 400,998 tons valued at \$5,185,633, and through traffic of 117,326 tons of the value of \$7,965,518. Total number of passengers carried was 4,028, of which 1,984 were through passengers. All vessels operating between Duluth and Sault Ste. Marie, if they do not use the waterway, will pass near Keewenaw Point some 35 miles north of Houghton. The Government is constantly improving the waterway so that it is becoming increasingly available for larger vessels. It is necessary for vessels to know the weather conditions in the vicinity of Keewenaw Point to determine when they should use the waterway, or to determine which entrance to use if the vessel is bound for a waterway port. The Houghton station would be useful in this connection although general weather conditions can now be obtained through the radiotelephone-equipped Coast Guard stations at Marquette, approximately 50 miles southeast of Houghton, and Eagle Harbor, approximately 30 miles north of Houghton near the end of the Keewenaw Peninsula.

11. The Great Lakes Transit Co. averages two ships a week into Houghton, and others of its vessels may use the waterway on account of weather. This company employs an agent at Houghton and would use the service of a coastal harbor station at that point. Radiotelephone will be installed on the vessels as soon as it is known that the company may not afterwards be required to install radiotelegraph. Vessels of other companies operate in and out of Houghton. Nevertheless, the applicant was of the opinion that the local business would not meet operating expenses of the proposed station, and that it would be necessary, therefore, to depend to some extent on traffic from vessels passing in the vicinity. The extent of such business is uncertain and would depend in large measure upon the ability of the vessels to establish communication, under the Commission's rules, with coastal harbor stations closer to the points of destination of the messages. The applicant's testimony in this connection is confusing. It was stated that if long-range communication were permitted on the Lakes, there was then the possibility

that local traffic at Houghton would not justify the Commission in granting a license. Furthermore, the applicant would not be inclined to build a station at Houghton except for the existence of section 8.50 of the Commission's Rules and Regulations, and the understanding that the radiotelephone service on the Lakes would be a coastal harbor operation. We must assume that the applicant understood the rules as they existed at the time of the hearing. There has since been no material change either in the allocation of frequencies or in the rules governing their use.

12. Transmitter sites in the vicinity of Houghton are limited by available power supply, transportation during winter months, telephone connections, interferences from copper smelters in the vicinity of Houghton and considerations of terrain. However, there are three possible sites, the most desirable being on Government property at the western end of the waterway. It was thought that a lease could be obtained, since there is already a private enterprise located on a part of the property. An alternate site was found in the vicinity of Freda about 12 miles from Houghton.

13. It is proposed to install a 10-frequency, 1000-watt output transmitter with half-wave antenna. The station will be kept open and on the air during the period of navigation and will render a coastal harbor telephone service with connection to the land-line telephone system. It is proposed to make a radio link charge of \$1.25 for person-to-person calls, although it may develop that the charge will be determined on a zone basis with varying rates. The series of frequencies requested will serve to overcome "skip effect" and provide reliable communication up to approximately 200 miles.

14. The issues involved in the Lake Bluff, Ill., and Mackinac Island, Mich., applications (Dockets 5548 and 5549) have been largely determined by the Commission's report in Docket 5816, as a result of which certain frequencies above 3000 kilocycles were made available for assignment to coastal harbor stations in the Great Lakes area. These frequencies are intended to supplement the regular coastal harbor frequencies in the 2-megacycle band, which were found to afford a very limited range over fresh water. The stations offer a general coastal harbor telephone service to commercial vessels, both interlake and intralake, as well as service to yachts and small boats in the immediate vicinity of the stations. They are located near the routes of heavy through traffic movements, and the ports in the vicinity themselves account for a large volume of lake tonnage. A number of steamship companies maintain offices in Chicago, which is one of the Great Lakes traffic centers. Station WHC will continue to serve the same general area after the transmitter site is changed from Mackinac Island to

Rogers City, Mich. The station will be nearer the principal ports of call of commercial vessels. It will also be closer to ship-repair yards in the area, which have a definite need for communication over considerable distances in order that their operations may be coordinated with vessel movements.

CONCLUSIONS

1. The applicant is legally, technically, and financially qualified to own and operate the stations applied for.

2. The applicant is the sole proprietor of licensed station WAY at Lake Bluff, Ill., and, until January 16, 1941, was the sole proprietor of licensed station WHC at Mackinac Island, Mich., when the license was assigned to Central Radio Telegraph Co. The other business concerns with which the applicant is connected, namely, R. R. Donnelley & Sons, printers, and Reuben H. Donnelley Corporation, publishers, have no interest in or relation to the radiotelephone business of Thorne Donnelley, the applicant herein. Nor does the applicant have any contractual arrangements, relationships, or understandings with any other communications carriers or licensees of this Commission other than agreements for connecting his coastal harbor stations with the land-line telephone system.

3. The application for a coastal harbor station at Marine City, Mich., Docket 5847, was in effect abandoned in that the statement was made that the applicant did not desire to press the application. No evidence was offered to indicate the need for a station at this point.

4. Only very meager evidence was introduced in support of the need for a coastal harbor station at Manistee, Mich., Docket 5848, and such evidence was admitted by the applicant to be inconclusive.

5. There was shown to be a need for the service proposed at Houghton, Mich., Docket 5846.

6. The frequencies 4282.5, 6470, and 8585 kilocycles are needed at stations WAY and WHC (Dockets 5548 and 5549) in order that these stations may render satisfactory coastal harbor communication in the areas which they serve.

7. The Great Lakes region is recognized by Commission rules to constitute a common interference area with respect to the operation of coastal harbor stations. It is necessary, therefore, that the stations which the Commission licenses on the basis that they will serve public interest, convenience, and necessity, shall coordinate their operations to reduce interference to a minimum.

8. It has not been shown that public interest, convenience, or necessity will be served by granting the applications for stations at Marine City and Manistee, Mich., Dockets 5847 and 5848, respectively.

9. Public interest, convenience, and necessity will be served by granting authority to construct a station at Houghton, Mich., Docket 5846, as proposed by the applicant except for the use of the frequency 2572 kilocycles..

10. Public interest, convenience, and necessity will be served by granting the applications for authority to use the frequencies 4282.5, 6470, and 8585 kilocycles at Stations WAY, Lake Bluff, Ill., and WHC, Mackinac Island or Rogers City, Mich., Dockets 5548 and 5549, respectively. The request for the use of the frequencies 6480 and 8585 kilocycles will be denied.

The proposed findings and conclusions of the Commission were adopted as the "Findings of Fact and Conclusions of the Commission" on May 28, 1941.

8 F. C. C.