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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In re Application of

VM Docket No. 93-94

Scripps Howard
Broadcasting Company

File No. BRCT-910603KX

For Renewal of License of
Station WMAR-TV,
Baltimore, Maryland

and

Four Jacks
Broadcasting, Inc

File No. BPCT-910903KE

For a Construction Permit for
a New Television Facility on
Channel 2 at Baltimore, Maryland

To: The Honorable Richard L. Sippel
Presiding Administrative Law Judge

SCRIPPS HOWARD BROADCASTING COMPANY EXHIBIT 1

TESTIMONY OF TERRY B. SCHROEDER

Respectfully submitted,
Scripps Howard
Broadcasting Company

By Kenneth C. Howard, Jr.
Leonard C. Greenebaum
David N. Roberts

Its Attorneys

BAKER & HOSTETLER
1050 Connecticut Avenue, N.W.
Suite 1100
Washington, D.C. 20036
(202) 861-1500

Dated: September 13, 1993

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FEDERAL COMMUNICATIONS COMMISSION	
Docket No. <u>93-94</u>	Ex. No. <u>I</u>
Presented by <u>SCRIPPS HOWARD</u>	Identified <u>10-5-93</u>
Disposition: Received <u>✓ 10-5-93</u>	Rejected _____
Reporter <u>ALICE WEHNER</u>	Date <u>10-5-93</u>

TESTIMONY OF TERRY H. SCHROEDER

1. My name is Terry H. Schroeder. I reside at 8131 Village Drive, Cincinnati, Ohio 45042. I am a Vice-President of Scripps Howard Broadcasting Company ("Scripps Howard"), licensee of Station WMAR-TV, Baltimore, Maryland.

2. I have been engaged in a full-time career in broadcasting for twenty years. My career began in 1973 as an accounting clerk, and I was later promoted to Business Manager at WTOL-TV in Toledo. In 1979, I became the Business Manager at WDSU-TV in New Orleans. From 1981 to 1985, I was the Controller at KPIX-TV in San Francisco. In 1985, I was promoted to Station Manager. In 1986, I became Vice-President of Business Affairs for Taft Broadcasting Company, which later became Great American Broadcasting. Since May of 1988, I have been with Scripps Howard. In 1988, I was hired as an Administrative Manager, and in 1989 I was promoted to Vice-President for Administration. Since April of 1993, I have held the title of Vice-President.

3. During the license term at issue in this comparative renewal proceeding, May 30, 1991 to September 30, 1991 (the "License Term"), and the period designated by the Presiding Judge in this proceeding as the Renewal Period (May 30, 1991 to September 3, 1991), I reported to the then President of Scripps Howard, Richard J. Janssen. Mr. Janssen retired in September of 1992.

4. Scripps Howard Broadcasting Company is now and throughout the License Term was an 80.4%-owned subsidiary of Scripps Howard, Inc., a wholly owned subsidiary of The E.W. Scripps Company. Operating control of The E.W. Scripps Company rests with its board of directors. The majority of the voting stock is under the control of The Edward W. Scripps Trust. Scripps Howard (then Scripps Howard Radio, Inc.) first became a television licensee in 1947 and over the years acquired 10 television stations. Pending the consummation of its contract to sell WMC-TV, Memphis, a decision made in connection with its recent decision to divest all of its radio properties, Scripps Howard has never sold one of its television stations. During 1992, the beneficiaries of The Edward W. Scripps Trust, members of two families descendant from the company's founder, entered into an agreement to preserve family control of the company following the termination of this trust.

5. As Vice-President of Administration, my responsibilities included administration of the budget process, financial matters, personnel matters, and Equal Employment Opportunity matters for Scripps Howard. In general, I was in contact with each station General Manger on a weekly or even more frequent basis. Additionally, I acted as the liaison with Scripps Howard's counsel on legal matters affecting the stations and relatedly had some oversight

responsibility for the stations' FCC compliance. My responsibilities did not substantially change when my title changed to Vice-President in 1993.

6. In May of 1991, Scripps Howard acquired WMAR-TV from Gillett Broadcasting of Maryland, Inc., a subsidiary of Gillett Broadcasting, Inc. ("Gillett"). I participated in negotiating the asset purchase agreement for this sale, and I assisted in the due diligence review of WMAR-TV's performance prior to its purchase. As part of this due diligence review, I reviewed the station's contracts, including the employment contract for Arnold J. ("Arnie") Kleiner. I also visited the station on August 29 and 30, 1990 and May 8, 1991.

7. Scripps Howard closed its acquisition of WMAR-TV on May 30, 1991, paying \$125 million at closing to consummate the transaction. Scripps Howard invested in WMAR-TV's ongoing programming operations and reputation, as well as in the physical assets and the broadcast license.

8. By the time Scripps Howard acquired WMAR-TV, Scripps Howard's corporate management was well aware of the particular qualities of WMAR-TV's staff and of the content of the station's programming under its prior owner, Gillett. For example, Attachment A is a memorandum from Ken Lowe, Scripps Howard's Vice-President for Programming, to Richard Janssen, which describes Mr. Lowe's assessment of WMAR-TV's programming

and assesses key members of its management team. Also, in advance of the purchase, both Richard Janssen and I reviewed in person the station's managerial staff and the policies and procedures in effect there.

9. After an extensive review of the station's management, Scripps Howard affirmatively chose to take as part of the purchase a modified version of the employment contract between Gillett and General Manager Arnie Kleiner. Because of Scripps Howard's positive assessment of the performance of Mr. Kleiner and his management team, Scripps Howard chose to make only minor modifications to the station's operations after the acquisition. For the most part, WMAR-TV's substantive programming policies and practices remained the same after the purchase, both during the License Term and thereafter. As discussed below, Scripps Howard did bolster the station's record-keeping and corporate reporting processes.

10. During the Renewal Period, I visited the station on May 31, 1991 and met with the General Manager and department heads to discuss station employee matters. I visited WMAR-TV again on August 28-30, 1991, to discuss station operations and budget preparation. While there, I further evaluated staffing levels, including reviewing management performance to assess whether any staffing changes were appropriate. I also participated during the Renewal Period in frequent

telephone conversations with station management, mostly with General Manager Arnie Kleiner, and on occasion with the Director of Operations, Emily Barr.

11. I know from management discussions at corporate headquarters and from documents kept in the ordinary course of business that other Scripps Howard corporate managers, including Richard Janssen and Ken Lowe, were also in regular contact with the station concerning station operations. For example, attached as Attachment B is a copy of a report prepared during the License Term on WMAR-TV's and the other Scripps Howard stations' news budgets. Additionally, Scripps Howard received materials during the Renewal Period from Vice-President Arnie Kleiner regarding, among other things, the expansion of the early morning news program (see Attachment C) and obtaining the formal approval for the acquisition of new equipment to improve the station's operational capabilities.

12. It is Scripps Howard's policy to rely upon each of its station's General Managers--who are officers of the company--to direct public affairs and news programming. It is the station General Manager who is necessarily responsible for effectuating local community ascertainment and for offering programming in response to these locally ascertained needs. After careful examination of his record and qualifications, Scripps Howard determined that Arnie Kleiner

met the standards Scripps Howard applies in selecting its General Managers. Accordingly, Scripps Howard gave the responsibility of General Manager of WMAR-TV--and the position of company Vice-President--to Arnie Kleiner. Attachment D is a press release noting Mr. Kleiner's appointment as Vice-President promptly after the purchase was consummated.

13. An important part of Mr. Kleiner's qualifications was his long experience in running Channel 2 in Baltimore and the recognition he had received for the station's community service programming during that time. Scripps Howard knew that it was acquiring the services of a very experienced Baltimore broadcaster and a manager who enjoyed a good reputation in the industry. By electing to acquire Mr. Kleiner's employment contract, Scripps Howard in effect acquired Mr. Kleiner's extensive issues-ascertainment experience as well as his skills for the future management of the station. That is, Scripps Howard secured as part of the station acquisition the benefit of Mr. Kleiner's 10 years of ascertaining this community's issues while he served as the General Manager of WMAR-TV under its previous owners. Relatedly, Scripps Howard knew that Arnie Kleiner had already led WMAR-TV to the successful renewal of its license, i.e., that the FCC had affirmatively found that the continuation of this manager's operations of Station WMAR-TV--including

necessarily the station's ascertainment and programming efforts--affirmatively served the public interest.

14. While as noted above, Scripps Howard's General Managers decide what specific public affairs and news programming airs on their stations, Scripps Howard's corporate management encourages the delivery of high-quality programming by ensuring the availability of adequate resources and by suggesting methods to ensure superior performance. Scripps Howard offered its General Managers, including Arnie Kleiner, such assistance during the License Term through direct personal contacts and through sending memoranda outlining corporate policies. Attachment E is a copy of a memorandum sent during the License Term to all stations describing actions to improve station news (and business) performance. Scripps Howard also requires its stations to report regularly on their activities. Attachment F is a copy of a memorandum sent during the License Term summarizing the recurring reports expected from all the stations. Scripps Howard encourages the communication of programming ideas among stations through memoranda that are regularly sent to all stations, including WMAR-TV, about other Scripps Howard stations' activities. Attachment G is a copy of one such memorandum sent during the License Term. As to FCC requirements, when questions arise or guidance is needed on FCC procedures, the stations are instructed to contact outside counsel directly for advice.

I serve as the general coordinator of this process when appropriate.

15. WMAR-TV was given some time to adapt fully to Scripps Howard's reporting policies. I could not locate Scripps Howard's file copy of the third quarter issues program list, and I do not recall that one was sent to me during the Renewal Period. The corporate office's detailed examination of WMAR-TV's practices and personnel prior to the station's acquisition, and the ongoing contacts during the Renewal Period between Scripps Howard's corporate management and the station, provided me with assurance that the station was then operating in full compliance with its ascertainment and programming responsibilities and with Scripps Howard's expectations.

16. During the License Term, Scripps Howard approved a number of expenditures by WMAR-TV, including approving the acquisition of a substantial amount of new equipment. Attachment O of Emily Barr's testimony is composed of copies of memoranda documenting Scripps Howard's decision to upgrade the station's operational and programming capabilities. During my August 1991 visit to the station I discussed these matters with WMAR-TV's managers, and the formal process of approving these purchases was near completion at that time.

DECLARATION

I, Terry H. Schroeder, Vice-President of Scripps Howard Broadcasting Company, do hereby declare, under penalty of perjury, that I have reviewed Scripps Howard Broadcasting Company Exhibit 1 and the Attachments thereto, that those documents comprise my testimony in this case, and that the statements contained therein are true and correct to the best of my knowledge. Executed this 13th day of September, 1993.

Respectfully submitted,

By: 
Terry H. Schroeder

ATTACHMENT A



File: WMAR

Dick Janssen

Ken Lowe

22 May 1991

EXECUTIVE SUMMARY RE: BALTIMORE VISIT

PROGRAMMING/PROMOTION

- Baseball pre-emptions and program rebroadcasts are very work intensive. Number of people involved in the entire traffic/continuity departments need to be scrutinized for efficiency.
- Promotion spots are contracted at 800 GRP's per week. Rarely pre-empted by commercials. Baseball has a ton of promo slots.
- Graphics are all in-house and some mismatch, however overall is not bad.
- Programming line up is set. Geraldo will be added to mornings this fall, Magnum during the interim.
- Emily Barr - Program Director - Bright, aggressive and direct. Arnie delegates many operational decisions to her. She does the majority of program deals. She's produced several specials. Solid background in Minneapolis, Washington and Houston.
- Kathleen - Promotion Director - Came from Viacom in Albany. Hands on, bright and creative. Works well with news on POP's, Topicals and Image campaigns. She writes everything except news teases.
- Bob Feldman - News Director - Most recently in Hartford, formerly WPVI, Cap Cities. Long time friend of Arnie's. Solid, but may lack excitement.

NEWS

- Soft, "friendly" news market. Longer stories. WJZ remains strong; WBAL constantly changing. WBAL has tried more investigative with Minarcin. Both stations recently expanded AM News to :50. Rumor is WBAL may drop 5PM Newscast in the Fall. WBAL has recently upgraded equipment and graphics.
- WMAR is in need of some new cameras. Two Vans 100,000+ miles and in bad shape.
- Discussed NewsChannel and its use in other markets. WBAL currently doing 24 Hour News Updates.

TALENT

- Stan Stovall - Has recently returned to the market. Good appearance, but not a hard worker.
- Sally Thorner - Market veteran, with much like and some dislike. Strong, dominant type of co-anchor.
- Norm Lewis - Longtime WBAL, moved to WMAR about a year ago. Knowledgeable but somewhat stiff.
- News Staff - About the same size as WBAL, 6 fewer than WJZ. Reporters are steady but not spectacular.

ATTACHMENT B

TO: RW FR: KWL

NEWS DEPARTMENT COMPARISONS

			<u>FT</u>	<u>PT</u>	<u>EXECUTIVE</u>	<u>ANCHORS</u>	<u>REPORTERS</u>	<u>SHOOTERS</u>	<u>EDITORS</u>	<u>OPERATIONS</u> <u>STAFF</u>
WEWS* (incl. LOP)	News Budget	\$4,952,011	74	5	1	13	13	15	13	24
	News Salaries	\$3,529,871								
WMAR	News Budget	\$, ,	74	9	1	10	15	20	13	24
	News Salaries	\$4,030,765								
WXYZ	News Budget	\$9,349,229	96	0	6	10	15	21	17	27
	News Salaries	\$6,390,373								
WCPO	News Budget	\$4,005,438	63	2	2	11	9	19	4	20
	News Salaries	\$2,782,344								

LOCAL NEWS SCHEDULE

WEWS		Noon-12:30PM		5-5:30PM	5:30PM-6PM		6-6:30PM		11-11:30PM
WMAR	6:30-7AM	Noon-12:30PM		5-5:30PM	5:30PM-6PM		6-6:30PM		11-11:30PM
WXYZ	6:15-6:30AM 6:45-7:00AM	Noon-12:30PM		5-5:30PM	5:30PM-6PM		6-6:30PM		11-11:30PM
WCPO	6:30-7AM	Noon-12:30PM		5-5:30PM	5:30PM-6PM		6-6:30PM		11-11:30PM

SH1-0011

* Does not include MORNING EXCHANGE (\$714,519 Budget / \$385,580 Salaries) and Tom Allen

ATTACHMENT C



CURRENT PRODUCT REVIEW

Post-It™ brand fax transmittal memo 7671 # of pages = 5

To: DEE JANSSEN	From: ARNIE KLEINER
Co: SCRIPPS HOWARD	Co: WMAR
Dept:	Phone # 301 577-2222
Fax # 513/621-0071	Fax # 301 577-3010

July 9, 1992

TO: Dick Janssen

FROM: Arnie Kleiner *AKK*

RE: Morning News

XC KLS
TITS
KIN

The following summarizes our staffing plan for the expanded 90 minute morning news program. Understand that the staffing and costs are the same for either 60 minutes or 90 minutes. I firmly recommend we go ahead with the project for several reasons:

1. If we, in fact, are going to be competitive now and in the future in the news arena, we have to compete head-on with WJZ and WBAL. They are both already doing hour-long AM newscasts.
2. Because we are going in third, I recommend we start at 5:30 AM so that we can take advantage of those real early risers. We can carry over early viewers past the 6:00 hour, and hopefully keep them watching our newscasts.
3. Added news time, with a reasonably inexpensive production cost, should be financially rewarding, if not in the first year, certainly down the road.

NEWS:

Producer	11:00 PM - 8:00 AM	Hinds	+5,000 [?]
Morning Writer	4:00 AM - 1:00 PM	TBA	+22,000
Assignment Desk	11:30 PM - 8:30 AM	Holley	
Photographer 1	11:30 PM - 7:30 AM	Jaffey	
Photographer 2	4:30 AM - 12:30 PM	TBA	30,000
Technician	4:00 AM - 12:00 PM	Perry	
Editor 1	4:00 AM - 12:00 PM	Gruz	
Editor 2	12:30 AM - 8:30 AM	TBA	+16,500
Anchor 1 (male)	4:30 AM - 12:30 PM	Holmes	
Anchor 2 (female)	4:30 AM - 12:30 PM	Marden	000- [?]
Reporter	4:30 AM - 12:30 PM	Costello	
Weather	4:30 AM - 12:30 PM	Philips	
Sports	4:30 AM - 12:30 PM	Dawson	
Noon Producer	5:00 AM - 2:00 PM	TBA	+30,000- [?]
Reporter	9:00 AM - 5:00 PM	TBA	+35,000- [?]
Weekend Anchor	Saturday - Wednesday	TBA	+60,000-
CG Operator	4:30 AM - 12:30 PM	TBA	+16,500-

Expanded Morning News
July 9, 1991
Page Two

Moving Expenses/Personnel	+10,000
Capital: Set	+15,000
Wireless Microphones (3)	+ 5,000
Desk/files	+ 5,000
Tape Costs	+ 5,000
Miscellaneous	+10,000
Additional car w/radios	9 +18,000
<hr/>	
TOTAL	\$293,000

**NET REVENUE ANALYSIS
CHANNEL 2 NEWS
5:30 AM - 7:00 AM**

M-F 5:30 AM - 6:00 AM

60	units per week
<u>30%</u>	sellout with a 2 rating, 6:00 - 7:00 AM
18	units per week
\$ 25	unit rate
<u>\$ 450</u>	per week
52	weeks
<u>\$23,400</u>	
15%	commission
<u>\$19,890</u>	Net Revenue

M-F 5:30 AM - 6:00 AM

60	units per week
<u>33%</u>	sellout with a 3 rating, 6:00 - 7:00 AM
20	units per week
\$ 25	unit rate
<u>\$ 500</u>	per week
52	weeks
<u>\$26,000</u>	
15%	commission
<u>\$22,100</u>	Net Revenue

M-F 5:30 AM - 6:00 AM

60	units per week
<u>38%</u>	sellout with a 4 rating, 6:00 - 7:00 AM
23	units per week
\$ 30	unit rate
<u>\$ 690</u>	per week
52	weeks
<u>\$35,880</u>	
15%	commission
<u>\$30,498</u>	Net Revenue

M-F 5:30 AM - 6:00 AM

60	units per week
<u>40%</u>	sellout with a 5 rating, 6:00 - 7:00 AM
24	units per week
\$ 35	unit rate
<u>\$ 840</u>	per week
52	weeks
<u>\$43,680</u>	
15%	commission
<u>\$37,128</u>	Net Revenue

M-F 6:00 AM - 7:00 AM

120	units per week
<u>60%</u>	sellout with a 2 rating, 6:00 - 7:00 AM
72	units per week
\$ 50	unit rate
<u>\$ 3,600</u>	per week
52	weeks
<u>\$187,200</u>	
15%	commission
<u>\$159,120</u>	Net Revenue

M-F 6:00 AM - 7:00 AM

120	units per week
<u>65%</u>	sellout with a 3 rating, 6:00 - 7:00 AM
78	units per week
\$ 75	unit rate
<u>\$ 5,850</u>	per week
52	weeks
<u>\$304,200</u>	
15%	commission
<u>\$258,570</u>	Net Revenue

M-F 6:00 AM - 7:00 AM

120	units per week
<u>75%</u>	sellout with a 4 rating, 6:00 - 7:00 AM
90	units per week
\$ 120	unit rate
<u>\$ 10,800</u>	per week
52	weeks
<u>\$561,600</u>	
15%	commission
<u>\$477,360</u>	Net Revenue

M-F 6:00 AM - 7:00 AM

120	units per week
<u>80%</u>	sellout with a 5 rating, 6:00 - 7:00 AM
96	units per week
\$ 160	unit rate
<u>\$ 15,360</u>	per week
52	weeks
<u>\$798,720</u>	
15%	commission
<u>\$678,912</u>	Net Revenue

NET DOLLARS

(2) \$ 15,600
 100,760
 \$105,360

(3) \$ 15,600
 243,360
 \$258,960

(4) \$ 15,600
 449,280
 \$464,880

(5) \$ 15,600
 638,976
 \$654,576

NET REVENUE 5:30 AM - 7:00 AM

2 RATING = 179,010
3 RATING = 280,670
4 RATING = 507,858
5 RATING = 716,040

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