Before the

Federal Communications Commission

Washington, D.C. 20554

In the Matter of	)	
	)	
Review of the Commission's	)	**MM Docket No. 91-221**
Regulations Governing	)	
Television Broadcasting	)	
	)	

Reply Comments

ASSOCIATION OF LOCAL TELEVISION STATIONS

The Association of Local Television Stations (ALTV), hereby files Reply Comments in the above captioned proceeding. As a leading representative of local television stations across the country, ALTV believes strongly that the time has come for the Commission to substantially relax the television duopoly rule. To this end, we once again request the Federal Communications Commission to modify the following rules and policies:

Duopoly Rule: **Television station owners should be permitted to acquire up to two television stations in a local market, provided one of the facilities is a UHF station.**

LMAs: **Congress stated that these arrangements benefit the public interest. Existing combinations should be truly grandfathered. The FCC's proposal to limit these combinations to the term of current agreements is contrary to congressional intent. These arrangements should be freely renewable and transferrable. FCC rules should not limit the formation of new LMAs.**

To this end, the Commission must consider its rules and policies in light of marketplace realities. Not one party to this proceeding, including the Commission, can honestly argue that the marketplace has not evolved since the FCC enshrined the duopoly rule in the 1960s. Indeed, today's marketplace bears absolutely no resemblance to what it was thirty years ago.

For the last two decades the Commission has recognized that the expansion of the video marketplace compelled a relaxation of many of its rules. While some parties urge the Commission to resurrect policy concerns from past decades, the Commission cannot ignore the fact that it has ruled, in countless decisions, that cable and other non-broadcast media compete directly with broadcast television. These decisions apply to both the FCC's traditional diversity as well as its competitive analysis. To now decide these alternate media do not provide additional voices for diversity purposes or are not in the same economic market with broadcast television defies logic, FCC precedent and reality.

In light of these countless decisions, those seeking to retain the television duopoly rule in its present form bear the burden of explaining why past Commission decisions, which defined the market for diversity and competition, are wrong. Given the dramatic changes that have taken place in the last three decades, proponents seeking to keep the rule in place should be able to demonstrate that the concerns of the 1960s remain valid today. In this regard, supporters of the existing duopoly rule provide no hard evidence that any harm will accrue if UHF/UHF or UHF/VHF combinations are permitted in the same local market. At best, their concerns are theoretical and abstract.

In many circumstances, the FCC must rely on its predictive judgement as to how stations will perform when a rule is modified. With respect to the television duopoly rule, however, the FCC already has real world experience to help it reach a decision. For the last few years many television stations have entered into local marketing agreements. These agreements grew out of a competitive necessity. Absent these agreements many local stations, especially UHF stations, would be unable to compete against the onslaught of multichannel video providers.

Proponents of the existing rule simply ignore the significant public interest benefits that flow from existing local marketing agreements. Congress recognized these benefits when it grandfathered existing LMA combinations. LMAs provide the FCC with a perfect "laboratory test" to evaluate the performance of UHF/UHF and UHF/VHF combinations in local markets.

ALTV agrees with Congress that LMAs benefit the public. To further highlight the benefits of these arrangements, ALTV has prepared a report entitled *Local Marketing Agreements and the Public Interest.* The report is attached to these *Reply Comments* as Exhibit A. The examples contained in this *Report*, as well as the other examples contained in the record of this proceeding, provide hard evidence that local marketing agreements benefit the public. In numerous markets, these agreements have increased the amount of news and public affairs programs broadcast by local stations. LMAs are responsible for increases in children's educational programs. Without these local marketing agreements, many local sporting events would no longer be available on free over-the-air television. Apart from improving the quality of program service, local marketing agreements are directly responsible for increasing the absolute number of television stations that are on the air. In many markets new television stations have gone on the air because of local marketing agreements. Also, these agreement have helped pull many stations out of financial distress. In short, local marketing agreements have increased the diversity of voices and viewpoints. They are also responsible for providing additional outlets for local advertisers.

ALTV urges the FCC to examine the real world benefits of these local marketing agreements and weigh them against the purely "theoretical" harms cited by proponents of the rule. In a fair and honest analysis, the Commission will see that the public interest will be served by permitting UHF/UHF or UHF/VHF combinations in local markets. At the very least, the FCC will recognize that existing local marketing agreements are providing a valuable service to the public and should be grandfathered on a permanent basis.

Respectfully Submitted:

ASSOCIATION OF LOCAL TELEVISION STATIONS

David L. Donovan, Esq.
V.P. Legal & Legislative Affairs
1320 19th Street, N.W.
Washington, D.C. 20036
(202) 887-1970

March 21, 1997

Exhibit A

Local Marketing Agreements and the Public Interest

ASSOCIATION OF LOCAL TELEVISION STATIONS

Association of Local Television Stations
Local Station Operators Coalition
March 1997

In addition to the duopoly rule, I am also pleased to see that this conference report grandfathers local marketing agreements, or LMA's. Many local broadcasters have stayed competitive by entering into these LMA's with one another. These innovative joint ventures allow separately owned stations to function cooperatively, achieving economies of scale through combined sales and advertising efforts, and shared technical facilities. These local marketing agreements have served their communities in a number of ways: some have increased coverage of local news; others have increased coverage of local sports, particularly college sports; and, many LMA's have provided outlets for innovative local programming and children's programming.

Senator Wendell H. Ford
February 1, 1996

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Local Marketing Agreements and the Public Interest

As the FCC continues to debate relaxing the duopoly rule and developing policies for local marketing agreements, hard evidence concerning the benefits of these arrangements is needed. When adopting many new policies, the FCC is often forced to make predictive judgments about station performance. In the instant proceeding, the Commission is fortunate to have a "baseline" of existing local marketing agreements which provide valuable insight as to how future local market combinations will perform. Indeed, Congress has already observed that local marketing agreements provide benefits to the public.

When evaluating station performance under a local marketing agreement, one key fact must be remembered. The station that has purchased time on another local station does not *own* the facility. Control over station policies rests with the licensee, not the station purchasing time. This situation creates a unique economic situation. The station that is supplying the programming is improving the asset value of a potential competitor in the market. It is entirely possible that, after building up the weaker station, the owner of the weaker station may decide to sell the facility to another or not renew the agreement. Indeed, given the FCC's recent proposals limiting grandfathering and transferability, this has become a very real issue. As a result, most stations purchasing time on another local station believe that improvements in station performance would be even greater if common ownership were permitted. Simply stated, your incentive to invest increases if you own the facility. Thus, the public interest benefits of local marketing agreements documented in the *Report* would increase, if a single entity could *own* two television stations in the same local market.

The following analysis is divided into two major sections. The first section summarizes the overall impact of local marketing agreements. This overview is based on information collected from existing local marketing agreements across the country. The second section provides an in-depth analysis of specific performance by a significant number of stations that have entered into local marketing agreements.

I. LMA Performance Overview

The following overview analyzes the overall performance of stations that have entered into local marketing agreements. While each local marketing agreement contains unique aspects, general trends can be seen by aggregating individual station performance.

In order to obtain a fair sampling of LMA combinations, surveys were sent out to approximately 60 television stations believed to be involved in local marketing agreements. Identifying all stations involved in local marketing agreements is not a precise science. For example, in some markets a full service television station has purchased time on a low power station in the market. Consistent with the FCC's rules, owning a low power and full service station in a market does not violate the duopoly rule. To many, these full service and low power operations are not local marketing agreements. Also, several situations involved classic "satellite" station operations and did not consider themselves to be "LMAs."

Overall, this *Report* is a case study analyzing the performance of 33 local marketing agreements. In some instances, information was obtained from survey responses. In other instances, information was obtained from comments filed in this proceeding, over the telephone or through individual correspondence. Thus, while this report is not based on a purely "random" sample, the number of responses represents a significant number of stations involved in local marketing agreements. Accordingly, the data base is significant enough to provide a valuable insight into benefits of local marketing agreements.

A. Market Size

Some have argued that duopoly relief should be limited to the larger television markets. Reality, however, suggests otherwise. In many small and medium sized markets, local marketing agreements are essential to either keeping an existing station on the air or to combine enough resources to bring a new station to life.

Table 1.
Number of LMAs By Market Size

Market Size	Percentage of LMAs
1 - 10	3.2
10 - 25	13.1
25 - 50	26.2
50 - 75	24.5
75 - 100	9.8
100+	22.9

The above data include not only those specific stations contained in this *Report,* but additional (N = 53) stations believed to be operating under local marketing agreements. The data indicate that duopoly/LMA relief is important in small and medium sized markets. There is no doubt that in the largest markets, the FCC's concern over diversity of voices becomes attenuated due to the large number of media (both broadcast and non-broadcast) in the market. Nonetheless, the economics of small and medium sized markets compel a relaxation of the duopoly rule in order to enhance service to the public. The economics of these markets makes it very difficult for a new or existing stand alone UHF station to survive, absent the efficiencies that can be obtained through common operation.

B. Improved Financial Conditions

To state the obvious, the financial status of a local television station has a direct bearing on the level and quality of service it provides to the local community. No station can provide top quality programming to a community if it is operating in the red. Local marketing agreements improve diversity and competition in local markets by: 1) providing the necessary resources for starting up new stations, and 2) improving service on existing facilities.

In all, approximately 25 percent of the responding LMA stations involved a new station start up. New station start ups could be found in such diverse markets as Omaha, NE, Albuquerque, NM, Seattle, WA, Charlotte, NC and New Haven, CT. In each of these markets, consumers were able to have access to new programming because of the local marketing agreement. These new voices would not exist but for local marketing agreements.

Approximately 75 percent of the responses involved local marketing agreements with existing facilities. A review of the responses indicates that a majority of cases involved a station or stations that were in some form of financial difficulty or were marginally profitable. A brief "before" and "after" picture of the financial condition of these stations is presented in Table 1, below. Note the table represents the financial condition of the "brokered" station (i.e., the station that has sold its time to another station in the same market).

Table 2

General Financial Condition

Brokered Station

Financial Condition	Before LMA	After LMA
Bankrupt	**9.5%**	**0%**
Failing Financially	**66.6%**	**4%**
Breaking Even	**19%**	**23.8%**
Marginally Profitable	**4%**	**19%**
Profitable	**0%**	**52.3%**

These data demonstrate that entering into a local marketing agreement will generally enhance the competitive viability of a local station by improving the financial health of the brokered station. As a result, the station is in a better position to serve its community. Such a financial "turn around" is not necessarily accomplished over night.

Table 3.

Financial Improvement Over Time

Brokered Station

Financial Status	Average Number of Years With LMA
Failing Financially to Breaking Even	**2 years**
Failing Financially to Marginally Profitable	**3 years**
Failing Financially to Profitable	**3.8 years**

Entering into a local marketing agreement is not a "get rich a quick" business plan. To the contrary, it takes time for the weaker station to build an audience and become competitive in the marketplace. At the local station level, stations are investing hundreds of thousands of dollars (in some cases millions of dollars with new station start ups) to improve these stations.

This information also raises an important policy consideration for the FCC. Absent the resources associated with local marketing agreements, stations could remain in financial peril for years. Even with the infusion of resources it could take several years for a weaker station to be "turned around." The FCC should consider this fact as it analyzes its "failed" station waiver option. If this becomes the sole or predominant criterion for evaluating duopoly waivers, then the FCC is fostering a policy that reduces service to the public. Not only will a community lose service while the station to be sold becomes insolvent, it could take years before a purchaser is able to "turn the station around."

C. Programming Improvements

The following paragraphs summarize the programming performance of the stations contained in this *Report*. While each station can cite to specific programming improvements, several general observations can be made.

1. Little Program Duplication

Overall there is little program duplication between stations involved in local marketing agreements. Section II of this *Report* is replete with examples of LMA stations counter programming each other. This makes perfect economic sense. For example, a station will continue to broadcast its prime time network programming and purchase time on another station to broadcast local baseball or basketball games. In this way the station is able to increase its overall audience. Another example of this economic incentive is the fact that most stations involved in local marketing agreements are affiliated with different broadcast networks. The station buying time is usually affiliated with ABC, CBS, NBC or sometimes Fox. Most of the stations that are brokering their time are affiliated with UPN, WB or operate as an independent. Based on the stations responding, there is very little program duplication associated with local marketing agreements.

Table 4.

Program Duplication Between LMA Stations

No Duplication	**51%**
Duplication 5% or less	**25.9%**
Duplication 6% - 10%	**14.8%**
Simulcasting	**7.4%**

The above data demonstrate that over 90 percent of all the stations responding did not duplicate programming. The only stations that substantially duplicated programming were located on opposite ends of their respective television markets. These stations simulcasted in order to "fill out" different sections of the market.

2. Assisting New Networks

For over two decades the FCC has been trying to establish additional over-the-air television networks to compete with the traditional Big Three -- ABC, CBS & NBC. Over the past few years, the Commission has fostered the rise of a fourth television network -- Fox.

Today, two new, emerging networks UPN and WB are seeking to establish themselves as viable over-the-air television networks.

As the FCC has recognized, the development of these new networks will enhance diversity and competition at both the local and national levels. In each local market, a new network brings an additional viewing option to viewers. At the national level, the rise of additional over-the-air networks give advertisers a competitive alternative to the existing national networks. Both developments benefit the public.

The growth of these new networks, however, are predicated on their ability to secure viable outlets in as many television markets as possible. Securing these outlets gives an emerging network nationwide reach, a fact critical to attract national advertisers. The existing LMAs provide strong evidence that local market combinations will assist in the development of these new networks.

The initial success of any new, emerging network depends in large measure on the programming that is carried by the network's affiliate during *non-network* hours. The importance of non-network programs is particularly acute when the new networks have not rolled out programming throughout the week. Non-network programming is essential to establishing the station's identity and to keep lead-in audiences for network programs. New networks would have an extremely difficult time establishing themselves if their affiliates could not provide popular programming during non-network hours. This is precisely the role of the local marketing agreement. The station with more resources is able to provide the brokered station (i.e., the UPN or WB affiliate) with high quality non-network programming, which creates a more viable affiliate in the market.

The data presented in Table 5, lists the percentage of brokered LMA stations affiliated with the various networks. The overwhelming number of these stations are affiliated with either the UPN or WB networks.

Table 5.
Network Affiliation
Brokered Stations

UPN	**55%**
WB	**17%**
Independent	**3.5%**
Fox/UPN	**3.4%**
UPN/WB	**6.8%**
CBS	**3.4%**
ABC	**10%**

In almost every instance, the station that is brokering its time to another has become an affiliate of one of the new, emerging networks. It is the local marketing agreement that has created the outlet for the new network either by rescuing a financially distressed station or by starting up a new facility. Without the local marketing agreement, UPN or WB would have to rely on either part-time affiliations or cable carriage. In short, local marketing agreements give these networks a stronger affiliate base than would be available if local marketing agreements were not permitted.

3. Additional News and Public Affairs Programs

The provision of news and public affairs programming is the essence of local service to the community. Starting up a news broadcast, however, is extremely expensive. The initial start up costs can be prohibitive for many new local stations. It can take years before a stand alone local station has the economic resources to commence news operations.

With local marketing agreements the time needed to develop a station's local newscasts accelerates. The financial resources of the brokering station can be used to provide an additional news voice in the market. Section II of this *Report* provides detailed examples of additional newscasts that are directly related to a stations involvement in a local marketing agreement. To summarize just a few examples:

Table 6

New or Additional LMA Related Newscasts

Brokered Stations

Station	Market	Broadcast
KCCN	Monterey	Additional half hour per day
KUQA	Sacramento	New 2 hour newscast
KTVG	Grand Is, NE	News at 6:30 AM, 12 noon, 6 PM & 10 PM
KFVE	Honolulu	New 9:00 PM newscast
KNVA	Austin	New 5:30 PM newscast
WLYH	Harrisburg	Newscast at 10:00 PM
WJSU	Birmingham	Increased news 6 hours per week
WOTV	Grand Rapids	Reinstated news at 6 PM & 11 PMcast.
WTVX	West Palm	New newscast at 10 PM
WZVN	Ft. Myers	New newscast at 7 PM

In addition, several other stations including WNUV (Baltimore), KXVO (Omaha), KTFO (Tulsa) and WFXP (Erie) indicated that they intend to commence news operations in the future. KXTX in Dallas provides that market with the benefits of a time shifted newscast. These are just a few examples of additional news and information that are being provided because the stations have entered into local marketing agreements. Without the LMA, these newscasts would not be on the air.

Apart from regular newscasts, local marketing agreements have led to more in-depth public affairs programming. For example, KXTX in Dallas provides the only continuous election coverage in prime time during non-presidential election years. The station also provided full coverage of the O.J. Simpson trial with local attorneys and judges serving as expert analysts. WVBT in Norfolk started its "Newsbreakers" program which provided various candidates with access to the station during the last election.

As reported in Section II, children's educational and informational programming has increased on the vast majority of those stations participating in local marketing agreements. For example,. KXAN in Little Rock carried five hours of children's programming per week. KXAN in Austin is the only station to focus its children's programming on the under served Hispanic audience. This type of public interest programming would not be possible, but for the resources available due to the local marketing agreement.

4. Additional Sports Programming

Over the past several years, both the FCC and Congress expressed concern about the migration of sporting events away from free, over-the-air television and onto pay cable services. Unfortunately, it has become increasing difficult for local television stations to secure the rights to these sporting events. First, in many instances the rights fees for broadcasting local professional and college sports are beyond the means of many local television stations. Second, regional pay cable sports channels are able to outbid local stations because cable systems have two revenue streams -- advertising and subscription fees. Finally, those television stations with the economic resources to challenge pay cable channels are generally affiliates of the major television networks. These stations have a difficult time broadcasting local games because it requires them to preempt their own network's programming. These elements combine to drive local sporting events off free over-the-air television.

Local market combinations provide the most effective means of keeping sporting events on free television. LMAs allow the larger stations in the market to use their resources and bid for the right to broadcast local games. Once acquired, the station can broadcast the games on the "brokered" station thereby avoiding problems with preempting network programming. For example, in Dallas, KXAS was able to win the rights to the Texas Rangers, Dallas Mavericks and popular college football and basketball packages. It could not broadcast all of these games due to network commitments. By entering into a local marketing agreement with KXTX, these games remain on free off-air television. Similar situations can be found in Austin (KXAN - San Antonio Spurs and Texas Rangers); Norfolk, VA (WVBT - ACC and CIAA games); Jacksonville (WTEV - Orlando Magic and ACC football); Milwaukee (WVTV - Milwaukee Bucks and Brewers); Pittsburgh (WPTT - Penguins hockey and Pirates baseball); Hartford

(WBNE - Boston Red Sox, Hartford Whalers & college basketball); and Charlotte (WUPN - Charlotte Hornets).

D. Improving Station Facilities

One element often overlooked in broadcasting policy are improvements to a station's technical facilities. From the public's standpoint, increasing programming quality becomes irrelevant if the station is not providing a viewable signal. With the anticipated deployment of digital television, the FCC is beginning to realize the importance of a station's technical facilities. In fact, the shift to digital transmission will cost each station millions of dollars. For many stand alone UHF stations, the shift to digital could be cost prohibitive unless they are able to participate in a local combination.

The information contained in Section II of this *Report* details the specific investments and improvements made to each station. As a general matter, almost every brokered station associated with a local marketing agreement has improved its facilities. New station start ups such as KXVO-TV, KASY-TV, WFTE-TV and WBNE-TV, required investments in the millions of dollars. In other instances, stations such as KTVG-TV, WVBT-TV and WNYS-TV were brought up to full power and their antenna heights increased. In most cases transmitters have been upgraded. Improvements have been made in small markets such as Little Rock, where KASN invested more than $250,0000 in overall technical improvements. The same holds true for Tulsa where KFTO invested more than $400,000 upgrading its studio equipment and transmitter. Because of the economies associated with local marketing agreements, the stations are able to invest in equipment that each station individually could not afford. For example, WBBH and WZVN invested over $400,000 in the most powerful Doppler Radar system in the Ft. Myers market. A crucial piece of equipment in storm ravaged south Florida. News rooms have been one of the primary beneficiaries of these investments. For example, stations such as WZVN have invested in remote news gathering vehicles. All of these improvements increase the number of viewers that can access the station as well as improve the station's programming.

E. Efficiencies and Employment

For the past two decades the FCC has pursued a policy of bringing additional competition to the video marketplace. The Commission has been very successful. Today, local television broadcasters exist in a highly competitive world. Multichannel competition, whether from cable, DBS, MMDS or the telephone companies, brings enormous pressure on a local station's finances. Local stations no longer have the luxury to operate in an inefficient manner. Because of the numerous non-broadcast alternatives available to local advertisers, local stations must keep their rates at competitive levels. It is simply too easy for the competition to "buy around" a local station. At the same time, a station's programming costs have increased as cable television and other systems bid up the price for programming. The competitive policies pursued by the Commission have effectively reduced the margins of many television broadcasters.

This highly competitive world mandates that each television station operate in the most efficient manner possible. Efficiencies are becoming even more important as the Commission continues to move towards additional program content requirements that may be inconsistent with economic imperatives. At the same time, the industry must invest millions to transition to a new digital transmission system. Simply stated, those stations that cannot harness efficiencies may not survive.

Permitting common ownership in local television markets will help local stations harness economic efficiencies that will be necessary for their survival. In prior comments ALTV observed that common ownership of two stations in a local market would result in an overall 24% cost savings. Many stations believe this underestimates the potential savings associated with common ownership. On average, stations believe the efficiency savings could be as high as 35% if common ownership in local market was permitted. As the experience with local marketing agreements demonstrates, these savings will result in superior programming and service to the public.

Significantly, these cost savings do not mean that a station will cut back service or reduce employment. To the contrary it will permit a local station to shift priorities towards better service to the public. For example, when WOIO and WUAB in Cleveland entered into a local marketing agreement, the station was able to harness some efficiencies. These efficiencies allowed the stations to expand their news operations. In fact, the station hired 99 additional employees. In Ft. Myers, the local marketing agreement between WBBH and WZVN increased employment from 138 to 190 -- a 38% increase. Section II of this *Report* contains several examples of increased employment as a result of entering into a local marketing agreement. In short, two commonly owned financially healthy stations can provide more employment that two individually owned weak stations.

II. Examples of Specific Local Marketing Agreements

KBSI-TV, Ch 23 & WDKA-TV, Ch. 49
Cape Girardeau: Market No. 79

Background: These stations entered into a local marketing agreement in December, 1995. For years, channel 49 remained vacant, providing no service to the community. The local marketing agreement made it economically feasible for WDKA to commence operations. The station is scheduled to sign on in March 1997. There will be no program duplication between the two stations.

Programming: Programming plans are being formulated and WDKA plans to provide more sports and children's educational programs to the market. Also, the station provides an important full time outlet to the new, emerging UPN network. Providing such an outlet will help the new network grow and compete with the established networks.

Facilities improvements: Construction of WDKA included purchasing a new transmitter, tower and antenna. Also, because of the local marketing agreement, a new master control and production facility was built for both stations. By bringing WDKA on the air, the local marketing agreement resulted in the hiring of 14 new employees. A significant number in a relatively small market.

KCBA-TV, Ch. 35 & KION-TV Ch. 46
Monterey-Salinas: Market No. 122

Background: The local marketing agreement between these two stations has been in effect since April, 1996. Prior to entering into the LMA, KION (formerly KCCN) was failing financially. Today the station is showing a marginal profit. There is no duplication of programming on either station.

Programming: The local marketing agreement has helped the station improve service to the public. In June, 1996, KION began broadcasting an additional half hour of local news. In March 1997 the station, for the first time in its history, will program a full local news in the morning starting at 6 AM. In all, the station will be broadcasting two and one-half hours of additional local news to the community. Moreover, the efficiencies of the local marketing agreement made it possible for the station to provide closed captioning for its local news. The station has also been able to work with community groups and increased non-profit sponsorship.

Facilities improvements: Improvements have been made to KION's transmitter to provide a clearer picture. The station is now able to broadcast in full stereo. Also, news gathering equipment has been improved.

KCRA-TV, Ch. 3 & KQCA-TV, Ch. 58
Sacramento/Stockton: Market No. 20

Background: The stations entered into a local marketing agreement in December, 1994. Prior to the LMA, KQCA was failing financially. Today, the station is "breaking even" financially.

Programming: Because of the local marketing agreement, KQCA was able to broadcast two hours of local news per day, Monday through Friday. In addition, the station is augmenting its children's educational programming with a two hour educational block, including programs such as "National Geographic."

Because of the LMA, the station has been able to purchase and broadcast top quality entertainment programs such as the "Simpsons," "Frazier," and "Roseanne." The LMA also helps increase the amount of local news and information in the marketplace. For example, NBC network programming can be shifted to KQCA, thereby allowing KCRA to provide in-depth coverage of important events such as the Northern California floods.

Facilities improvements: As a result of the local marketing agreement, KQCA was able to install a new automation system, microwave link, transmitter tubes as well as video tape equipment. The transmitter repairs now allow for full-power operation at reduced power consumption.

KHGI-TV, Ch. 13 & KTVG-TV, Ch. 17
Lincoln/Grand Island, NE: Market 101

Background: The local marketing agreement has been in effect since April of 1994. At that time KTVG was a new station start up and therefore not in tremendous financial shape.

Even today the station still struggles financially. There is no doubt, however, that absent the local marketing agreement there would be one fewer voice in the market.

Programming: Before the local marketing agreement, KTVG-TV broadcast only between the hours of 3 PM to 11 PM on weekdays. For the most part, programming consisted of old movies and a few cartoons. After entering into the local marketing agreement, KTVG was able to secure an affiliation with Fox. UPN programming was added to the schedule later. Without the station neither of these networks would have an off-air outlet in the market. More importantly, as a result of the local marketing agreement, consumers can now see locally produced newscasts, simulcasted on both stations, at 6:30 AM, 12 noon; 6 PM and 10 PM.

Facilities improvements: Significant amounts have been spent to improve KTVG as a result of the local marketing agreement. Satellite receivers have been replaced, new control room tape machines and studio equipment has been purchased. Most importantly, KTVG now has an application pending with the FCC to increase the station to full power with a 2000 ft. antenna. These improvements will enhance the quality of service provided by the station and give additional viewers more free over-the-air options.

KHNL-TV, Ch. 13 & KFVE-TV, Ch. 5
Honolulu, HI: Market 69

Background: The stations entered into a local marketing agreement in 1993. Prior to the agreement KFVE was failing financially. As a result of the LMA, KFVE has improved its financial situation and is now showing a "marginal profit." There is minimal duplication (2%) of programming between the stations.

Programming: As a direct result of the LMA, KFVE now broadcasts the only local 9:00 p.m. newscast in the market. This would have been impossible without the local marketing agreement. In addition, the local marketing agreement has kept University of Hawaii sports programs on free, over-the-air television. While it has the resources, KHNL finds it difficult to broadcast some local sports programs because of conflicts with NBC network programs. With the local marketing agreement in place, the resources of KHNL can be used to acquire the sports rights and broadcast the games on KFVE. KFVE, by itself, lacks the resources to acquire the rights to these games. As a result, the local marketing agreement increases the amount of local sports available for all the citizens of Honolulu.

Facilities improvements: In Hawaii, translators are used to reach all areas of the market. After entering into the local marketing agreement, the stations were able to add microwave links to several new translators. This helped expand the station's over-the-air coverage and penetration. In addition, the Kona transmitter was moved to a better site and the Hilo transmitter was signed on, improving reception to 40,000 "Big Island" viewers. Additional Oahu transmitter improvements are planned for 1997 with repeaters which will enhance the signal for 5,000 non-cabled homes.

KLRT-TV Ch. 16 and KASN-TV Ch. 38
Little Rock, Ark; Market No. 58

Background: The two stations entered into a local marketing agreement in September, 1992. At that time KASN-TV was failing financially. Today, the station has turned the corner and is "marginally" profitable. KASN serves as the UPN affiliate in the market, providing the emerging network an important full time outlet. KLRT is a Fox affiliate. There is no duplication of programming on the stations.

Programming: Many of the traditional locally oriented programs that are being abandoned by the large stations in the market are now broadcast on KASN. For example, the traditional networks dropped the United Negro College Fund and the Arthritis Foundation telethons. Because of KASN's economic condition in 1992, it carried very little children's programming. Today the station carries five hours of children's programming per week. The