

May 27, 2003

Commissioner Adelstein
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20054

**Re: Revision of Commission's Duopoly Rule,
MB Docket No. 02-277**

Dear Commissioner Adelstein:

You have made clear your genuine concern about the health of localism in our country's television system. I have been in broadcasting since 1956 and I, too, believe in local television service, most especially local news. Despite being 82, I traveled to Washington this past Wednesday to speak to Commission officials, including Commissioner Abernathy, about the threat that the proposed new duopoly rule poses to the public's local television service. I write this letter to you because I was unable to visit you or your media advisor at that time and because I am hopeful that your commitment to localism and the public interest will lead you to support an appropriate outcome in the duopoly rulemaking. But it may not be the outcome that I understand you are leaning toward.

It may seem counterintuitive that the cause of diversity and localism supports greater relaxation of the duopoly rules than proposed by the Media Bureau. After all, aren't the duopoly restrictions intended to preserve local television voices and won't their relaxation reduce voices? The opposite is the case because duopolies are essential in small and mid-sized markets to sustain stations that will otherwise vanish or will become voices in name only, because they will have to eliminate local news in order to survive.

Television stations in small and medium-sized markets are in precarious financial straits. This is because of the inroads of cable and DBS, the cut-back in network compensation and the burdens of the transition to digital (putting a signal on the air at a cost of \$4 million being only the first step). This is the case even among the top-four rated stations and even among affiliates of the Big Four networks. In our meetings last week with Commission personnel, we pointed out that the fourth-rated station in markets 51 to 175 averaged profits of \$2.5 million in 1997 and four years later averaged a loss of \$2.8 million. Third-rated stations and stations in markets over 175 are similarly threatened.

In your May 20 speech to the Media Institute, you reaffirmed that "[l]ocalism continues to be the core organizational principle of the Commission's dispersal of valuable spectrum rights." To illustrate how combinations of stations in mid-sized or smaller markets will strengthen localism and diversity, let me summarize our experience. Waterman Broadcasting is the licensee of WBBH-TV, the NBC affiliate in Fort Myers, the 76th market (according to NAB's May 15 ex parte filing). It is a UHF station in a one VHF/six UHF station market. In 1994 we entered into a local marketing agreement with WZVN-TV, the ABC affiliate in the

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same market, also a UHF station and one with a severe tower siting handicap. It had changed hands several times in a short time span, was losing money, was falling further behind in programming and equipment and was on the brink of terminating its local news in order to survive financially. Because of the LMA, WZVN now broadcasts 19.5 hours of local news each week (as a completely distinctive voice) prepared by 33 news employees devoted exclusively to this function (and 16 shared news staff); it broadcasts five hours of children's informational and educational programming; and it has a state-of-the-art new digital transmitter and many other costly equipment upgrades. Our LMA ends in little over a year. If the FCC permits us to enter into a duopoly for WZVN, I have pledged to keep the operations at least as separate as they are now, and WZVN's vibrant voice, which contributes to localism, diversity and public service will be put on a more permanent and reliable footing. I believe you will conclude that this outcome would serve the public interest.

Your public statements on the Biennial Review rulemaking have championed the "little guy," public interest and localized service. In contrast, the staff proposal seems to accommodate the biggest players in our industry and to leave out the public served by smaller stations. I ask you to focus on the merits of our position and to work with your colleagues to develop a more reasonable duopoly rule -- one that takes into account the realities of local station service in smaller markets, not theories about hypothetical station voices.

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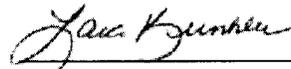
I have asked Lara Kunkler, owner of Montclair Communications, Inc., licensee of WZVN-TV, to co-sign this letter. She would have made the meetings I attended at the Commission last week had she not been more than nine months pregnant and therefore not allowed to fly. After the combination effected by the proposed duopoly between the two stations, Lara will own a significant portion of Waterman Broadcasting Corporation and therefore of the two stations. My wife, Edith, also owns 10% now, and so the combination would increase female ownership of the broadcast stations.

Sincerely,



Bernard E. Waterman
Waterman Broadcasting Corporation

and



Lara Kunkler
Montclair Communications, Inc.

JDB:mev