

ANN BAVENDER*
SIMA N. CHOWDHURY*
HARRY F. COLE
ANNE GOODWIN CRUMP
VINCENT J. CURTIS, JR.
JOSEPH M. DI SCIPIO*
PAUL J. FELDMAN
JEFFREY J. GEE*
FRANK R. JAZZO
M. SCOTT JOHNSON
MITCHELL LAZARUS
STEPHEN T. LOVELADY*
SUSAN A. MARSHALL
HARRY C. MARTIN
FRANCISCO R. MONTERO
LEE G. PETRO*
RAYMOND J. QUIANZON
MICHAEL W. RICHARDS*
JAMES P. RILEY
KATHLEEN VICTORY
HOWARD M. WEISS

* NOT ADMITTED IN VIRGINIA

FLETCHER, HEALD & HILDRETH, P.L.C.

ATTORNEYS AT LAW

11th FLOOR, 1300 NORTH 17th STREET

ARLINGTON, VIRGINIA 22209

OFFICE: (703) 812-0400

FAX: (703) 812-0486

www.fhhlaw.com

RETIRED MEMBERS
RICHARD HILDRETH
GEORGE PETRUTSAS
CONSULTANT FOR INTERNATIONAL AND
INTERGOVERNMENTAL AFFAIRS
SHELDON J. KRYS
U. S. AMBASSADOR (ret.)
OF COUNSEL
DONALD J. EVANS
EDWARD S. O'NEILL*
ROBERT M. GURSS*
EUGENE M. LAWSON, JR.
WRITER'S DIRECT

June 29, 2006

BY ELECTRONIC FILING (ECFS)

Marlene H. Dortch, Esquire
Secretary
Federal Communications Commission
445 12th Street, S.W., Room TW-B204
Washington, D.C. 20554

Attention: Video Division, Media Bureau

Re: MB Docket 03-15
Request for Extension of Digital Replication Deadline
KAQY-DT, Facility ID No. 52046
FRN: 0004-9996-37
Columbia, Louisiana

Dear Ms. Dortch:

Monroe Broadcasting, Inc. ("Monroe"), licensee of KAQY(TV) and permittee of KAQY-DT, Columbia, Louisiana, hereby respectfully requests a waiver of the July 1, 2006, deadline by which stations that received a tentative digital channel designation on their current digital channel in the channel election process must construct full, authorized facilities or lose interference protection ("Replication Deadline").

Monroe has been prevented from completing replication facilities due to regulatory uncertainty and serious financial constraints experienced by small-market operators. KAQY has an in-core analog allotment on Channel 11 and an out-of-core DTV allotment on Channel 57. At the time that Monroe filed its First Round Election in February 2005 (File No. BFRECT-20050210AKH), it chose Channel 11 as its final DTV channel.

That selection, however, was initially disapproved because of potential interference concerns. Monroe thereafter submitted its First Round Conflict Decision Form, File No. BFRCCCT-20050812ABB. It also submitted an accompanying letter to reflect the special circumstances of a station with no in-core DTV channel and thus subject to less stringent interference restrictions. Nonetheless, that showing required Commission approval, and Monroe

could not be certain as to which channel was likely to be its final DTV channel. Clearly, there are substantial differences among channels in terms of technical requirements, equipment, and other considerations. The uncertainty as to which channel would be the final channel created substantial difficulties in determining what equipment should be ordered and what strategy should be pursued for transition to digital operation. The tentative channel designation was initially released in October 2005, *Tentative Channel Designations for Stations Participating in the First Round of DTV Channel Elections and Second Round Election Filing Deadline*, DA 05-2649, released October 4, 2005, and reconfirmed on May 23, 2006, *Tentative Channel Designations for Stations Participating in the First and Second Rounds of the DTV Channel Election Process*, DA 06-1082, released May 23, 2006. Thus, it was only late in the process that Monroe had any certainty as to its DTV channel.

Furthermore, throughout the transition process, Monroe has suffered from extreme financial difficulty. As set forth in its 2002 application for extension of construction permit (File No. BEPCDT-20020301AHR), it was not then economically feasible for Monroe to construct even a low power DTV facility, much less a full-power DTV facility. In the interim, Monroe has managed to build a low-power facility for KAQY-DT and has operated it pursuant to Special Temporary Authority ("STA"). This facility provides at least some DTV service in the market, thereby assisting in the advancement of the DTV process.

Nonetheless, the severe financial constraints under which Monroe operates continue to render a full-power DTV facility out of reach. Attached hereto is an estimate of expenses initially prepared in connection with seeking an extension of the KAQY-DT construction permit. Leaving aside any changes that may or may not have taken place in projected costs of transmitters and antennas, that estimate shows that the tower strengthening required to mount an antenna as specified in the KAQY-DT construction permit would alone cost \$715,000. The total estimated cost is in excess of \$2.5 million. This investment is clearly beyond the capability of Monroe. As set forth in Monroe's Income Statements for 2004 through April 2006, while the station had positive income in 2004, that amount was more than wiped out by losses that have occurred in 2005 and thus far in 2006. Thus, from 2004 to date, the station has suffered losses in excess of \$600,000.¹ Furthermore, provisions of existing loan agreements preclude Monroe from taking on additional indebtedness or further encumbering its assets. Thus, it would be virtually impossible for Monroe to obtain financing from any other source.

The mounting losses preclude Monroe from proceeding with construction of a full-power DTV facility at this time. Moreover, it must be remembered that the expenses that would be incurred are an investment that cannot be recouped, as the station must return to analog Channel 11 at the conclusion of the DTV transition. The end date of that transition is now known and is just over two-and-one-half years away. Thus, in order to meet the replication deadline, Monroe would be required to expend millions of dollars for a facility that would have to be abandoned in

¹ Detailed Income Statements are omitted from this request as filed in MB Docket 03-15 due to their confidential nature but are attached to the copy provided to the Commission's staff. Confidential treatment of those materials is hereby requested.

less than three years. Monroe's already tenuous financial position precludes it from utilizing its funds in this manner.

The Commission has recognized the severe financial burden which is placed upon stations in the position of KAQY-DT. In the Commission's *Second Periodic Review of the Commission's Rules and Policies Affecting the Conversion to Digital Television*, FCC 04-192, released September 7, 2004, the Commission provided that stations with an in-core analog channel and an out-of-core digital channel would be allowed to surrender their digital channels, operate in analog, and "flash cut" on the in-core channel by the end of transition. *Id.* at ¶ 95. The presumption in favor of allowing this process, however, was limited to digital channels that are not affiliates of one of the four largest national television networks. *Id.* Since KAQY is an affiliate of ABC, it did not initially request such treatment. Nonetheless, Monroe submits that the same considerations apply to it.

KAQY is located in the small, economically depressed market of Monroe, LA-El Dorado, AR. This market (#135) is surrounded by the major television markets of Little Rock-Pine Bluff, Arkansas (57) to the north, Shreveport, Louisiana (76) to the west, and Jackson, Mississippi (88) to the east. Worse yet, Monroe's ABC affiliation is shared by Station KLAX-TV in the nearby Alexandria market, resulting in the fractionalization of Monroe's audience and revenues off the air and on cable. Indeed, Monroe was required by the network to directionalize its signal to protect the Alexandria affiliate. Each of these markets has an entrenched ABC affiliate that competes directly for audience and advertising with KAQY. KAQY, in contrast, received its initial license in November 1999, and it has been in operation for only seven years. Thus, KAQY is still a relatively new station. As a fledgling ABC affiliate, the Station has been placed in the difficult position of creating a new television voice in a small market with strong competition from all directions.

Thus, because of its particular circumstances, KAQY's situation is more analogous to that of a non-network affiliate than that of the usual network affiliate. The same considerations which led the Commission to make special provision for stations with an in-core analog channel only apply equally to KAQY, as its only in-core channel is its analog channel. Furthermore, by expending the funds necessary to build and continue to operate its digital channel pursuant to an STA, KAQY has exceeded the expectations imposed by the Commission on stations with out-of-core digital channels, which were allowed to turn in their digital channels and cease any digital operations. While the KAQY STA facilities cannot reach as many persons in the market as replication facilities would, they do provide digital service in the market, thereby advancing the digital transition.

FLETCHER, HEALD & HILDRETH, P.L.C.

For the foregoing reasons, Monroe hereby respectfully requests a waiver of the Replication Deadline.

Should any questions arise concerning this matter, please communicate with this office.

Very truly yours,

A handwritten signature in cursive script that reads "Anne Goodwin Crump".

Anne Goodwin Crump
Counsel for Monroe Broadcasting, Inc.

Enclosures

cc: Mr. Shaun Maher **By Hand Delivery and E-Mail (Shaun.Maher@fcc.gov)**

FLETCHER, HEALD & HILDRETH, P.L.C.

bc: Mr. Eddie Blanchard (with enclosures)
Mr. Greg Boulanger (with enclosures)
Howard M. Weiss, Esquire (without enclosures)
Vincent J. Curtis, Jr., Esquire (without enclosures)

FILE: MONROE BROADCASTING, INC. #4

Z:\MONROE BRDCSTNG - #13621-01\Applications\DTVExt.2006.06.23.agc.extreq.wpd

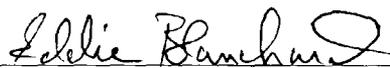
DECLARATION

I, Eddie Blanchard, hereby declare and state as follows:

I am Secretary of Monroe Broadcasting, Inc. I have read the foregoing request for waiver of the July 1, 2006, deadline by which stations that received a tentative digital channel designation on their current digital channel in the channel election process must construct full, authorized facilities or lose interference protection.

I hereby declare under penalty of perjury that the facts contained therein are true and correct to the best of my knowledge and belief.

Executed this 27 day of June, 2006.



Eddie Blanchard
Secretary, Monroe Broadcasting, Inc.