

FEDERAL COMMUNICATIONS COMMISSION

Washington, D. C. 20554

JUL 20 2006

OFFICE OF
MANAGING DIRECTOR

Micheal L. Parker, Sr.
President
Reading Broadcasting, Inc.
1729 North 11th Street
Reading, PA 19604

Re: Reading Broadcasting, Inc.
Stations WTVE and WTVE-DT,
Reading, PA
FY 2005 Regulatory Fee
Fee Control No. RROG-06-00006822

Dear Mr. Parker:

This is in response to your request dated August 30, 2005 (*Request*), for a waiver of the \$20,025.00 regulatory fees for Fiscal Year (FY) 2005, filed on behalf of Reading Broadcasting, Inc. (RBI or the Company), licensee of commercial television station WTVE(TV) and digital television station WTVE-DT, Reading, Pennsylvania, on the basis of financial hardship. Our records reflect that you have not paid the regulatory fees at issue here. For the reasons stated herein, we deny your request.

You assert that RBI "has suffered severe losses" and "is beset with substantial debt arising from civil litigation as well as a decade-long comparative renewal proceeding, which only ended several months ago."¹ In support, you submit a document entitled "Reading Broadcasting, Inc.: Statement of Income, Year Ended December 31, 2004" (*Statement of Income*). You state that in 2004, "no shareholder owning more than one percent of the Company was compensated in exchange for services."² You recite that "[t]he president and general manager, whose stock ownership in the company is only about one percent, was paid . . . for his full-time work in 2004."³ In a subsequent communication, counsel for RBI states that RBI filed a voluntary petition for Chapter 11 bankruptcy reorganization in the United States Bankruptcy Court for the Eastern District of Pennsylvania on October 7, 2005.⁴

¹ *Request* at 5.

² *Id.*

³ *Id.*

⁴ See Email from John D. Poutasse, Esq., to Judith Haley (Feb. 13, 2006).

In establishing a regulatory fee program, the Commission recognized that in certain instances payment of a regulatory fee may impose an undue financial hardship upon a licensee. The Commission therefore decided to grant waivers or reductions of its regulatory fees in those instances where a "petitioner presents a compelling case of financial hardship." See *Implementation of Section 9 of the Communications Act*, 9 FCC Rcd 5333, 5346 (1994), *recon. granted*, 10 FCC Rcd 12759 (1995). In reviewing a showing of financial hardship, the Commission relies upon a licensee's cash flow, as opposed to the entity's profits, and considers whether the station lacks sufficient funds to pay the regulatory fee and maintain service to the public. Thus, even if a station loses money, any funds paid to principals, deductions for depreciation or similar items are considered funds available to pay the fees. Also, the Commission has determined that it will waive regulatory fees for licensees who are bankrupt or are in receivership at the time the fees are due. See *Implementation of Section 9 of the Communications Act*, 10 FCC Rcd 12759, 12762 (1995).

With respect to your request for regulatory fee relief on the grounds of financial hardship, our review of the record, including RBI's *Statement of Income*, indicates that the financial loss that RBI suffered in calendar year 2004 was fully offset by amortization and depreciation deductions and by the salary paid to the Company's president and general manager, which the Commission considers as funds available to pay the fees. In other words, the loss resulted from these items. Thus, RBI had money from deductions for amortization and depreciation and compensation to a corporate officer from which it could pay the regulatory fees. We therefore find that RBI failed to establish that it lacked sufficient funds to pay the FY 2005 regulatory fees and we deny your waiver request on this basis. Insofar as you also request regulatory fee relief on the grounds of bankruptcy, the regulatory fees at issue here were due on September 7, 2005, and RBI did not file for bankruptcy until one month later on October 7, 2005. We therefore deny your request for regulatory fee relief based on bankruptcy. Payment of RBI's FY 2005 regulatory fees are now due. The regulatory fees of \$20,025.00 should be submitted, together with a Form 159 (copy enclosed), within 30 days of the day of this letter.

You have also requested confidential treatment of the material that you submitted with your request for fee relief. Pursuant to section 0.459(d)(1) of the Commission's rules, 47 C.F.R. § 0.459(d)(1), we do not routinely rule on requests for confidential treatment until we receive a request for access to the records. The records are treated confidentially in the meantime. If a request for access to the information submitted in conjunction with your regulatory fee is received, you will be notified and afforded the opportunity to respond at that time.

Micheal L. Parker, Sr., President

3.

If you have any questions concerning this letter, please contact the Revenue and Receivables Operations Group at (202) 418-1995.

Sincerely,



Mark Stephens
Acting Chief Financial Officer

Enclosure

Copy to:

John D. Poutasse, Esq.
Leventhal Senter & Lerman PLLC
2000 K Street, N.W.
Suite 600
Washington, D.C. 20006



READING BROADCASTING, INC.
WTVE (TV)

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RROG-06-00006922

August 30, 2005

Andrew S. Fishel, Esq.
Managing Director
Federal Communications Commission
Washington, D.C. 20554

Re: *Commercial Television Station WTVE
Digital Television Station WTVE-DT
Reading, Pennsylvania
Request for Waiver of Regulatory Fees*

Dear Mr. Fishel:

Reading Broadcasting, Inc. ("RBI"), licensee of commercial television station WTVE and Digital Television Station WTVE-DT, Reading, Pennsylvania, herewith requests that the Commission waive the requirement that RBI pay \$20,025 in regulatory fees for Fiscal Year 2005.

RBI's Background: Reading is a small city located about 38 miles northwest from Philadelphia in fairly mountainous terrain. RBI commenced operation of commercial television station WTVE in about 1981 and digital television station WTVE-DT in 2003. Prior to 1986, the Company attempted to enter the subscription television business, in which a programming service in encrypted form would be broadcast, and subscribers to that service who paid a regular fee to the Company would be provided with decoding equipment to view the signal. That venture was financially ruinous, resulting in the Company's being in substantial debt. In 1986, three creditors forced the Company into bankruptcy under Chapter 11 of the *United States Bankruptcy Code*. The Company was permitted to continue to operate the Station as a debtor in possession while various bankruptcy plans were filed and considered by the United States Bankruptcy Court for the Eastern District of Pennsylvania.

In 1991, after the Company had retained the services of Partel, Inc., to manage the Company's affairs, the Company filed its Amended Sixth Modification to the



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On or about April 30, 2001, RBI filed an application for construction permit with the FCC to construct improved analog facilities at its present site on Mount Penn. That analog application was finally granted in April 2005, but RBI would be foolish to spend over \$1 million to build an upgraded analog facility that will be retired in December 2006.

In May 2004, RBI filed an application for construction permit to substantially upgrade its DTV signal at an existing communications tower site near Fancy Hill. That application has been granted, and RBI has less than a year to complete that construction, estimated to cost in excess of \$2 million.

Financial Results: In 2004, the Company had losses of \$92,000 on revenues of \$2.46 million. At the end of 2004, the Company had a negative net worth of \$2.900 million. See Financial Results for December 31, 2004, attached hereto as **Exhibit 4**.

The Company has about 60 different shareholders. The largest shareholder holds about 30%, with the second largest holding about 10%. In 2004, no shareholder owning more than one percent of the Company was compensated in exchange for services. The president and general manager, whose stock ownership in the Company is only about one percent, was paid about \$60,000 for his full-time work in 2004. His salary was less than one-half what the NAB reports such management-level employees are paid at similarly situated stations with similar revenues.

The Company asks that these financial results be treated as confidential and exempt from public disclosure.

Conclusion: WTVE is clearly operating with facilities which provide inferior coverage on the northwest fringes of the Philadelphia market, and has suffered severe losses. The Commission has recognized that in previous waivers. Presently, the Company is beset with substantial debt arising from civil litigation as well as a decade-long comparative renewal proceeding, which only ended several months ago. The Commission's assessment of a \$20,025 regulatory fee on the station is a burden which the Company is unable to bear at present.



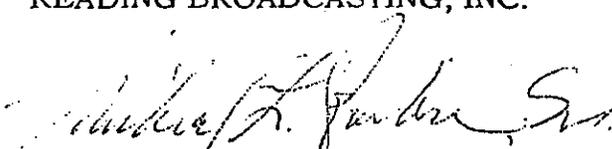
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I note that the Commission previously has waived this fee until such a time as the station's facilities are on par with other facilities in this market. I ask that this waiver continue.

This request was prepared under the direction of the undersigned, an officer of Reading Broadcasting, Inc., and is true to the best of my personal knowledge. I have signed this letter under penalty of perjury under the laws of the United States.

Respectfully submitted,

READING BROADCASTING, INC.



Micheal L. Parker, Sr.
President

Attachments: Letter of May 4, 1999
Letter of January 8, 2002
Letter of January 4, 2005
Financial Report for December 31, 2004