

1 Zarazua. Not only are you articulate, but you nailed  
2 the time. So we're very, very pleased.

3 (Laughter.)

4 COMMISSIONER ABERNATHY: Now I'd like to  
5 introduce Mr. Dominguez for his presentation.

6 MR. DOMINGUEZ: *Buenos noches.* Good  
7 evening, Commissioners, ladies and gentlemen, co-  
8 panelists. I'm Eduardo Dominguez, the Vice President  
9 and General Manager of KSTS, Telemundo owned and  
10 operated station serving the San Jose and surrounding  
11 areas.

12 I'm pleased to be here tonight speaking  
13 about broadcaster service to local communities in  
14 Northern California. I'm pleased because Telemundo  
15 and its owned and operated stations consider service  
16 to the local community to be essential to our business  
17 and to our role as local broadcasters.

18 I have spent many years in broadcast  
19 media, with a particular emphasis on California's  
20 Spanish language television stations. Immediately  
21 prior to my current role, I was a station manager of  
22 Telemundo's owned and operated station, KDEA, in Los

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1 Angeles, and before that for KWHY, Los Angeles, a  
2 local, independent, Spanish language television  
3 station.

4 All of that experience has taught me three  
5 principles essential to a TV station: local  
6 attention, local action, and local accountability.

7 Local attention means that a station must  
8 focus on events and issues that matter to all its  
9 audience. In Spanish language programming, that  
10 sometimes means covering a news story about Mexico or  
11 El Salvador that would not make the national news but  
12 is important locally.

13 Sometimes it means addressing the  
14 fundamentals, such as how to open a checking account  
15 or what immunizations are needed for a child before  
16 starting school. Local action means that the station  
17 must involve itself with its community in ways that  
18 advance the community, whether it's by sponsoring the  
19 San Jose Americas Festival earlier this month to  
20 benefit emergency housing and shelter, or by  
21 broadcasting the San Francisco Carnival Parade to  
22 benefit mission neighborhood centers' Head Start

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1 programs, or by reaching out to the community at large  
2 by sponsoring and hosting a weekly Foros de  
3 Inmigracion (Immigration Forums), to address  
4 immigration concerns.

5 What matters is that Telemundo's  
6 establishment commitment in our community of license  
7 goes beyond programming. In addition to the strong  
8 relationship we have with nonprofit community and  
9 cultural agencies serving the Latino population  
10 throughout the coverage area, KSTS maintains a solid  
11 relationship with the local business leaders through  
12 the 15 Hispanic Chambers throughout Northern  
13 California, from Sonoma County in the North to Concord  
14 and Alameda Counties in the East, and here at Monterey  
15 County in the South, by sponsoring and participating  
16 in an array of local programs and initiatives.

17 And local accountability requires our  
18 community to be able to rely on us to cover what it  
19 needs to know in a timely and appropriate fashion. We  
20 measure that accountability not just by ratings or  
21 specific feedback, but by our sense of whether the  
22 community knows more today than yesterday.

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1           KSTS serves, if you will, as a bridge for  
2 the Spanish speaking immigrant community to life in  
3 the U.S., covering issues of health, education, and  
4 immigration. Our audience has told us in survey after  
5 survey that they want and need more of this kind of  
6 information so that they can live a better life here  
7 in the United States.

8           We struggle every day to meet these unique  
9 community needs and interest and thereby to earn the  
10 trust and loyalty of our audience. For us, these  
11 principles are not optional. This is not a matter of  
12 regulation. It is a matter of survival. We are the  
13 local face and local presence of our network in each  
14 one of the communities we serve.

15           In a world where cable boasts hundreds of  
16 national channels, a television station that does not  
17 live by these principles will fail, regardless of who  
18 owns that station or what regulation requires.

19           Upholding these localism principles is  
20 fundamental to any broadcaster's success, and  
21 Telemundo is committed to them. When General Electric  
22 acquired Telemundo several years ago, Telemundo did

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1 not de-emphasize these three key principles, but  
2 reinvigorated them at the station and network level.

3 At the station level, Telemundo has  
4 strengthened its local newscast at six and 11. Our  
5 news team has more resources, thanks to the ability to  
6 share the resources of our sister station KNTV, NBC's  
7 San Jose owned and operated station.

8 KSTS serves both the San Francisco and  
9 Monterey markets, and working with NBC's local news  
10 team, we have been able to cover more live news events  
11 by use of their live trucks and helicopter for major  
12 breaking stories.

13 But it goes beyond having access to better  
14 technical resources. In fact, the benefits of our  
15 commitment to our local Hispanic American community  
16 flow to KNTV as well. On numerous occasions Telemundo  
17 has helped NBC cover stories where our reporters have  
18 access to Spanish speakers and covering news events,  
19 thus enabling KNTV to broaden its coverage of issues  
20 that affect us all.

21 My point is this: local attention, local  
22 action, local accountability are not motivated by

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1 threat of sanctions. They are fundamental to our  
2 business. When Telemundo invests the tens to hundreds  
3 of millions of dollars necessary to acquire and  
4 operate a television station, we hardly intend to  
5 jeopardize that investment by airing programming that  
6 offends the viewers or does not appeal to our local  
7 community.

8 Indeed, because we want to expand our  
9 local audience, Telemundo is willing to spend more in  
10 order to continue to produce truly locally oriented  
11 programming, to fund community activities, and to  
12 sponsor events that improve the social well-being of  
13 the communities we serve. These are the hallmarks of  
14 a successful television station.

15 Local attention, local action, and local  
16 accountability are essential to KSTS' past and future  
17 success. These are the three principles that will  
18 continue to guide our strategy.

19 Thank you.

20 (Applause.)

21 COMMISSIONER ABERNATHY: Thank you, Mr.  
22 Dominguez. Also nailed the time. This is great

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1 because we want to make sure we've got plenty of time  
2 for questions.

3 I'd like to move directly to Mr. Heston.

4 MR. HESTON: Thank you, Commissioner  
5 Abernathy and Commissioners.

6 Good evening. I'm Joe Heston, and I'm  
7 President and General Manager of KSBW-TV and serving  
8 Monterey, Salinas, Santa Cruz, and many other  
9 communities here on California's Central Coast. For  
10 the past 50 years, more Central Coast viewers have  
11 received their local news and information from KSBW-TV  
12 than any other local television station.

13 We didn't become a top rated local TV  
14 station by accident. Our success stems directly from  
15 our overriding commitment to localism. Our duty as  
16 stewards of the public broadcast spectrum is to  
17 provide programming responsive to the specific needs  
18 and interests of the Central Coast communities we  
19 serve.

20 Unlike our major market neighbors to the  
21 North and South, we serve a small population spread  
22 over a very large geographic area. We must go the

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1 extra mile, literally, to cover the news in every  
2 corner of our market, whether it's a downtown  
3 redevelopment scandal in King City two hours to our  
4 South, a meth lab bust in Hollister and Howard to our  
5 East, or a garlic festival in Gilroy an hour to our  
6 North.

7 To cover these grounds, we've invested in  
8 three full news bureaus, one in Salinas, one in  
9 Monterey, and one in Santa Cruz.

10 We use three live vans and three separate  
11 ENG receive sites for extensive on-the-spot coverage  
12 of events as they occur. When an earthquake rocked  
13 Pasa Robles (phonetic) last year, we provided live, on  
14 the spot coverage. During the Fall, we cover every  
15 local high school football games.

16 We enhanced our local news with customized  
17 regional and national coverage tailored to issues of  
18 importance to our local viewers. Our Hearst-Argyle  
19 sister station KCRA in Sacramento provides interviews  
20 with our local Senators and assembly representatives  
21 on issues such as local water control and the impact  
22 of proposed budget cuts.

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1                   And our Hearst-Argyle Washington News  
2 Bureau provides us with similar localized coverage  
3 through regular interviews with our congressmen, and  
4 just recently produced an exclusive profile of a local  
5 Salinas soldier selected for President Reagan's Honor  
6 Guard.

7                   Our station has made enormous public  
8 service investments in our local communities. We  
9 provide \$2.6 million dollars for local charities each  
10 year through television fundraising initiatives and  
11 public service announcements.

12                   Our historic partnership with two local  
13 United Way chapters promotes Success by Six, an early  
14 childhood development initiative that uses  
15 informational television spots and special news  
16 reports to focus on children from birth to six years  
17 old.

18                   We also take an entire day of programming  
19 each December to assist the Salvation Army's "Share  
20 Your Holiday" charity drive.

21                   We engage our viewers with public affairs  
22 at local, state, and national level. Our "Feedback at

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1 Five" program broadcasts each Sunday at 5:00 p.m.  
2 before the NBC national news tackles issues such as  
3 local gang violence, earthquake disaster preparation  
4 and child abuse.

5 Our station editorial board prepares, and  
6 we broadcast, weekly editorials on hotly contested  
7 local topics. We invite, encourage, and when we  
8 receive significant interest, we broadcast responses  
9 from our viewers.

10 But no matter how much money or personnel  
11 we invest to serve our local communities, we can't do  
12 it alone. Our corporate parent, Hearst-Argyle  
13 Television, has been an excellent partner in our  
14 commitment to localism. Hearst-Argyle enables and  
15 encourages us to share news gathering resources with  
16 our sister stations to improve the quality and depth  
17 of our local news coverage.

18 Consistent with our corporate commitment  
19 to facilitating and promoting issues and candidate-  
20 centered discourse, all of our stations provide a  
21 minimum of five minutes of free broadcast time each  
22 night during the election season.

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1           For our political coverage, Hearst-Argyle  
2           stations, including KSBW, received the Walter Cronkite  
3           award from the Annenberg School at USC.

4           Most important, Hearst-Argyle recognizes  
5           that local managers of local stations know their local  
6           communities best. Our company gives us broad  
7           discretion to make programming decisions that reflect  
8           the specific needs and interest of the local  
9           communities we serve.

10          We also need cooperation from Washington.  
11          Our viewers cannot reap the benefits of our top-rated  
12          local programming unless they can receive our full  
13          19.4 digital signal. Right now we're carrying a live  
14          broadcast of this important hearing on KSBW-SD,  
15          adjacent to KSBW-DT. Unfortunately, only viewers  
16          watching us over the air on a digital TV can receive  
17          the signal because local cable companies and satellite  
18          carriers do not carry our digital signal.

19          The FCC should require cable operators and  
20          satellite carriers to carry our full digital signal.

21                   (Applause.)

22          MR. HESTON: We also need the FCC to

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1 clarify the ground rules governing indecent  
2 broadcasts, particularly as they apply to news  
3 coverage.

4 Finally, we need clarity on the right of  
5 local affiliates to reject national network programs.

6 Our commitment to localism at KSBW is the  
7 hallmark of our success. No basic cable station, no  
8 public access channel, no community access, no premium  
9 pay TV, no satellite delivery company, no local or  
10 national website has been as steady or successful at  
11 addressing in the FCC's own words "the problems,  
12 needs, and interests" of our Central Coast  
13 communities.

14 Thank you.

15 (Applause.)

16 COMMISSIONER ABERNATHY: Thank you very  
17 much, Mr. Heston.

18 And now we'll turn to Dean Salzman,  
19 Associate Dean, Annenberg School for Communications.

20 Thank you for joining us tonight.

21 DEAN SALZMAN: Thank you.

22 Only a great tragedy would have kept Marty

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1 Kaplan from being here today, and that was the death  
2 of his mother, and I stepped in to read his statement  
3 as he has written it, and I think it's an important  
4 statement. He says:

5 "My colleagues and I have been studying  
6 the political coverage on local TV news since 1998.  
7 In 2002, we analyzed more than 10,000 news broadcasts  
8 that aired during the last seven weeks of the  
9 campaign. They were a scientific sample of top-rated  
10 early and late evening half hours of news on 122  
11 stations in the top 50 markets, and here is some of  
12 what we found. Only 44 percent of those broadcasts  
13 contained any campaign coverage at all. Almost six  
14 out of ten top-rated news broadcasts contain no  
15 campaign coverage whatsoever. Most of the campaign  
16 stories that did air came during the last two weeks of  
17 the campaign. Nearly half of the stories were about  
18 horse race or strategy and not about issues. The  
19 average campaign story lasted less than 90 seconds.

20 Fewer than three out of ten campaign  
21 stories that aired included candidates speaking, and  
22 when they did speak, the average candidate's sound

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1 bite was 12 seconds long.

2 Campaign ads outnumbered campaign stories  
3 by nearly four to one. Of the campaign stories that  
4 did air, what kind of races were covered? Sixty  
5 percent were about statewide races like governor and  
6 the U.S. Senate and not about local campaigns.

7 By contrast, races for the House of  
8 Representatives made up only seven percent of the  
9 stories. Races for the state senate or assembly, three  
10 percent. Regional, county or city offices, four  
11 percent. So even if you count a House race as a local  
12 election, only 15 percent of all the campaign stories  
13 in our national sample focused on local races.

14 Here in California, the 11 stations in our  
15 sample did markedly worse than the national average on  
16 covering local elections. Only nine percent of the  
17 campaign stories on top-rated California local news  
18 were about local races.

19 Size of station ownership group appears to  
20 make a difference. The 45 stations in our sample that  
21 are owned by large owners, with over 20 percent  
22 audience reach, carried less local campaign news than

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1 the national average, while stations owned by small  
2 and mid-sized owners beat the national average.

3 I want to single out Hearst-Argyle.  
4 There were ten Hearst-Argyle stations in our national  
5 sample. On average, 40 percent of their campaign  
6 stories were about local races. On that measure,  
7 Hearst-Argyle did more than two and a half times  
8 better than the national average and more than four  
9 times better than the California average. Why?

10 The reason, I think, is management  
11 commitment. Hearst-Argyle has decided that quality  
12 campaign coverage and localism are good for their  
13 communities. Now, they can also be good for business.

14 But Hearst-Argyle is the exception, not  
15 the rule. The campaign coverage Americans get on the  
16 airwaves they own should not depend on good luck or  
17 goodwill. Voluntary standards were proposed by the  
18 Gore Commission in 1998. Five minutes of candidate-  
19 centered discourse a night in the month before the  
20 election.

21 How did it work? In the 2000 election,  
22 the average station ran 74 seconds a night. What

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1 should be done about the lack of political coverage  
2 and the lack of localism?

3 First, we need explicit standards of  
4 performance by local news. Stations promise to  
5 fulfill a public interest obligation in order to get  
6 their license. This nation needs to spell out what  
7 those obligations are in law and in regulation.

8 There are several responsible proposals --

9 (Applause.)

10 DEAN SALZMAN: -- for doing so, including  
11 the "Public Interest, Public Airwaves" petition, the  
12 Minow-Geller petition and the "Our Democracy, Our  
13 Airways" Act supported by John McCain.

14 Second, we need to know if stations  
15 actually meet these obligations. The public  
16 inspection files that the FCC requires are useless for  
17 these purposes. It is not an onerous burden to  
18 require that stations record their public affairs  
19 programming and achieve the rundowns of their news  
20 programs.

21 I applaud the challenge to all local  
22 broadcast stations issued on June 14th by Chairman

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1 Powell and Senator McCain to insure they are providing  
2 local communities with significant information on the  
3 political issues facing the community.

4 But who will know if stations rise to that  
5 challenge or ignore it? There is no monitoring  
6 process in place to answer that question. Nonprofit  
7 funds to support independent studies like the Lear  
8 Centers come and go. Why shouldn't the industry or  
9 the public pay for the data needed for oversight and  
10 compliance?

11 (Applause.)

12 DEAN SALZMAN: Third, we need to link  
13 stations' performance on the public interest  
14 obligation with the renewal of their licenses. The  
15 current postcard renewal system is a joke. We believe  
16 stations must live up to the public interest promises  
17 they make. We must hold them accountable if they  
18 break them.

19 Last month when the FCC issued a Notice of  
20 Inquiry that gave rise to these localism issues,  
21 Commissioner Copps said this about enhancing political  
22 and civic discourse. "Here is an issue that demands

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1 action now. Study after Study depicts a bleak and  
2 depressing picture. We have studies; we have  
3 comments. We don't have action. The better part of  
4 good government here is to move ahead and act."

5 I could not agree more.

6 Thank you very much.

7 (Applause.)

8 COMMISSIONER ABERNATHY: Thank you, Dean  
9 Salzman.

10 Those were very, very sobering facts that  
11 we need to have in place, but you didn't just come to  
12 us with raw data. You gave us the facts and then you  
13 gave us some recommendations that we need to look at  
14 seriously. So thank you very much for your  
15 presentation. It was tremendously helpful.

16 Now I'd like to hear from Mr. McLaughlin  
17 who came all the way from Hawaii to be with us tonight  
18 because we couldn't really justify a hearing in  
19 Hawaii, but I was ready to go.

20 (Laughter.)

21 MR. McLAUGHLIN: Please do, please do.

22 Aloha, buenos noches, and good evening,

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1 Commissioners Abernathy, Adelstein, and Copps, FCC  
2 staff, and members of the public here.

3 My name is Sean McLaughlin, and I am  
4 President and CEO of Akaku, Maui Community Television,  
5 sharing these remarks on behalf of myself and the  
6 Hawaii Localism Coalition, which includes professional  
7 journalists, independent producers, academic leaders,  
8 and other supporters of diverse local media in Hawaii.

9 Being here now, I want to say to the  
10 people of Watsonville on behalf of the people of  
11 Hawaii, we apologize for the loss of your community  
12 based radio station to a private interest --

13 (Applause.)

14 MR. McLAUGHLIN: -- that will be airing  
15 Hawaiian music. In the values of Hawaii, this is not  
16 pono (phonetic), not right.

17 (Applause.)

18 MR. McLAUGHLIN: As we know, commercial  
19 media alone do not adequately serve local community  
20 needs and interests, and consolidated ownership  
21 exacerbates the problem. To maximize profits,  
22 commercial media minimized local programming. With

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1 distant owners controlling management decisions local  
2 commercial media increasingly become victims to the  
3 corrosive impacts of the profit-making imperative.

4 The needs and interests of distinct local  
5 communities, especially lower income and minority  
6 groups who lack buying power are ignored or  
7 misrepresented as a result. Local public interests  
8 are at risk as Congress and the FCC reshape the  
9 regulatory landscape for media.

10 The current system to ensure localism is  
11 broken. The FCC and your Localism Task Force must  
12 address the changing relationships between local  
13 broadcast, satellite, cable, and broadband media  
14 operators. Commercial interests will continue to  
15 shape the marketplace and game the regulatory  
16 framework to suit their private interest, not the  
17 public interest of a healthy democracy.

18 The best way to promote locally oriented  
19 programming is to ensure local and diverse ownership  
20 and to set aside bandwidth with adequate operating  
21 support for noncommercial public service media in  
22 every local community.

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1 (Applause.)

2 MR. McLAUGHLIN: The commercial media  
3 marketplace does not and will not adequately support  
4 public interests, especially noncommercial speech.  
5 Consolidated ownership of media further reduces local  
6 content through the elimination of expensive local  
7 programming in favor of lower cost regional or  
8 national syndicated programming.

9 Development of robust local and  
10 noncommercial media is the most effective way to  
11 address shortcomings in the commercial marketplace.

12 (Applause.)

13 MR. McLAUGHLIN: Mandatory set-asides to  
14 provide local media resources should be required as  
15 compensation for private use of public assets.

16 (Applause.)

17 MR. McLAUGHLIN: Okay. I hope I get a  
18 little extra time because of that.

19 (Laughter.)

20 MR. McLAUGHLIN: Public assets like land  
21 and spectrum. We need some electronic green space in  
22 the strip mall of commercial media.

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1 (Applause.)

2 MR. McLAUGHLIN: Community access media  
3 provide a model for localism that could be used for  
4 broadcast, satellite, and IP-enabled media.  
5 Noncommercial public education and government access  
6 channels across this country provide over a million  
7 hours of original local TV programming each year.  
8 Cable access channels are generally provided through  
9 local government franchise authorities, like the City  
10 of Monterey, who collect compensation for the private  
11 commercial use of public rights-of-way by media  
12 corporations. These local media resources are,  
13 therefore, accountable to local government  
14 jurisdictions.

15 A policy approach similar to local  
16 franchising of cable TV should be considered for  
17 broadcast, satellite, and IP-enabled media. Local  
18 governments could be given local oversight and  
19 compensation for use of public spectrum rights-of-way  
20 and other public resources used by commercial media to  
21 serve their constituents.

22 Through a locally accountable process,

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1 broadcast, broadband wireline, and satellite  
2 transmission capacity could be set aside to benefit  
3 local communities. Local regulation and local  
4 governance over public service media resources are  
5 essential principles of the community access media  
6 model.

7 As a cautionary note, cable franchise  
8 situations, such as the terrible situation in the City  
9 of San Jose is experiencing with a change in ownership  
10 undermining community obligations that were negotiated  
11 by a previous owner, need to be proactively addressed.

12 State and local governments in communities  
13 across America must have meaningful and well-defined  
14 roles to adequately protect media consumers and to  
15 effectively advocate for local needs and interests to  
16 be met.

17 Federal regulation is a centralized --

18 COMMISSIONER ABERNATHY: You have about a  
19 minute.

20 MR. McLAUGHLIN: Oh, thank you. I've got  
21 a minute? Great.

22 Federal regulation is a centralized,

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1 opaque process favoring very powerful corporate  
2 interests who privately gain from ineffective local  
3 regulation in the public interest.

4 I'm still going to abbreviate here.

5 Consolidated media ownership favors  
6 private commercial interests that are detached from  
7 local communities and driven by non-local profit  
8 motives. To minimize harm from this imbalance of  
9 market power, local governments and communities must  
10 have authority to regulate and develop local media  
11 solutions that meet people's needs.

12 The FCC needs a media localism policy of  
13 home rule.

14 (Applause.)

15 MR. McLAUGHLIN: Local franchising  
16 authorities for cable and telecom are the appropriate  
17 jurisdictions to oversee community needs,  
18 ascertainment and related public service obligations.  
19 Local and state jurisdictions need meaningful,  
20 appropriate oversight authority to protect consumers,  
21 uphold First Amendment principles, and properly  
22 represent local public interest.

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1 Almost done.

2 (Laughter.)

3 MR. McLAUGHLIN: Local communities require  
4 their own voices. Congress and the FCC must protect  
5 local media and uphold the public interest.

6 Please keep in mind that broadcast media  
7 are not free market industries, and regulatory  
8 barriers, such as duopoly and cross-ownership rules,  
9 were created to protect the public interest  
10 requirements. Local broadcasters receive their FCC  
11 license with little or no compensation to the public,  
12 even though the spectrum bandwidth used by these  
13 broadcasters is a public resource.

14 Essentially, we have a situation where  
15 private interests have bought and sold a public  
16 license --

17 COMMISSIONER ABERNATHY: Do you know what?  
18 We're pushing the edge of the envelope.

19 MR. McLAUGHLIN: Okay. I'm wrapping up  
20 now because I have to.

21 Thank you.

22 COMMISSIONER ABERNATHY: Thank you very

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