

EXHIBIT NO. 14

**DEMONSTRATION OF COMPLIANCE WITH LOCAL TELEVISION OWNERSHIP
RULE AND REQUEST FOR CONTINUATION OF SATELLITE STATUS
FOR STATION WTIN(TV)**

I. INTRODUCTION

By this FCC Form 314 application, Televicentro of Puerto Rico, LLC (“Televicentro”) seeks Commission consent to acquire the license of television Station WTIN(TV), Ponce, Puerto Rico (“WTIN” or the “Station”) from Laura Nicolau, a/k/a Laura Castro Robles and to continue operating the Station as a satellite of Station WAPA-TV, San Juan, Puerto Rico (“WAPA-TV”), pursuant to the Note 5 exception to the local television ownership limitation contained in Section 73.3555(b) of the Commission’s rules.¹ The Commission has already approved Televicentro’s operation of WTIN as a non-owned satellite of WAPA-TV.² Through this application, Televicentro seeks to acquire ownership of the Station while maintaining its satellite status. As demonstrated below, the proposed ownership and continued operation of WTIN as a satellite station is fully consistent with the Commission’s multiple ownership rules and policies and with well established precedent, which recognizes the unique and difficult circumstances – both competitive and geographic – facing television broadcasters in Puerto Rico.

II. LIN’S COMMONLY OWNED TELEVISION STATIONS IN PUERTO RICO

The proposed assignee, Televicentro, is ultimately owned and controlled by LIN TV Corp. (“LIN”). LIN Television of San Juan, Inc. (“LIN/SJ”) is the sole member of Televicentro

¹ 47 C.F.R. § 73.3555(b).

² *Applications of Paxson Communications of San Juan, Inc. (Transferor) and LIN Television Corp. (Transferee)*, 16 FCC Rcd 14139 (2001) (“Paxson”).

and is a wholly owned subsidiary of LIN Television Corp. (“LIN Television”), which in turn is wholly owned by LIN. Televiscentro is the licensee of WAPA-TV, San Juan, Puerto Rico. Televiscentro also is the licensee of Station WIRS(TV), Yauco, Puerto Rico, which operates as a satellite of Station WJPX(TV), San Juan, Puerto Rico.³ Additionally, LIN/SJ owns all of the issued and outstanding stock of WNJX-TV, Inc., licensee of Station WNJX-TV, Mayaguez, Puerto Rico, which operates as a satellite of WAPA-TV.⁴ LIN Television owns all of the issued and outstanding stock of S&E Network, Inc., licensee of Station WJPX, San Juan, Puerto Rico, and two satellite stations, WKPV, Ponce, Puerto Rico, and WJWN-TV, San Sebastian, Puerto Rico.⁵ Following approval and consummation of the assignment proposed herein, LIN’s ownership interests in stations licensed to communities in Puerto Rico will be as set forth in the diagram attached hereto as Attachment A. LIN also has a grandfathered rebroadcast agreement with WTIN (the subject of this assignment application), which, as noted above, the Commission previously has ruled qualifies as a non-owned satellite station.⁶ In summary, LIN owns and operates two full-power primary stations in San Juan in a previously approved duopoly, which are associated with five satellite stations, including WTIN.⁷ By this application, LIN seeks to acquire and own WTIN, while continuing to operate the station as a satellite of WAPA-TV.

³ See Letter from Barbara A. Kreisman, Chief, Video Division, Media Bureau, to Jason S. Roberts, Esq. and Margaret L. Tobey, Esq. (File No. BALCT-20031016ABP) (Dec. 11, 2003).

⁴ See *Application of T. Michael Whitney (Transferor) and LIN Television of San Juan, Inc. (Transferee)*, 16 FCC Rcd 2297, 2299 (MMB 2001) (“*Whitney*”).

⁵ See *Paxson*, 16 FCC Rcd at 14146.

⁶ *Id.* at 14143-44.

⁷ *Id.* at 14141, 14146.

III. OVERVIEW OF THE PUERTO RICO TELEVISION MARKET

Television stations licensed to Puerto Rico are not ranked as part of U.S. television Designated Market Areas (“DMAs”). However, the Commission has determined to treat Puerto Rico as a single market for purposes of the media ownership rules.⁸ Moreover, advertisers who buy time on Puerto Rican television stations consider the Island to be a single market.⁹ Thus, the financial viability of television stations licensed to Puerto Rico depends upon reliable Island-wide coverage. Yet, as the Commission is well aware, Puerto Rico’s mountainous terrain prevents such coverage. Recognition of these facts has led Puerto Rico broadcasters to enter into various teaming relationships with other Island stations – rebroadcast agreements, satellite arrangements and local marketing agreements (“LMAs”) – or to implement unusual engineering solutions¹⁰ to achieve the necessary signal coverage. These teaming arrangements predate the development of LMAs on the mainland by many years and have been approved repeatedly by the Commission.¹¹ By this application, LIN seeks to acquire ownership of WTIN, maintain signal coverage in Puerto Rico that is generally equivalent to that currently enjoyed by its major competitors on the Island, and continue offering a range of programming choices to the residents of Puerto Rico living beyond the economic center of San Juan.

A. The Commission Has Tailored Its Regulation of Television Ownership in Puerto Rico to the Unique Nature of the Broadcast Market

⁸ See *Paxson*, 16 FCC Rcd at 14140; *Applications of Milton S. Maltz and Raycom Media, Inc.*, 13 FCC Rcd 15527 (1998); see also *2002 Biennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, 18 FCC Rcd 13620, 13691-92 at n.399 (2003) (“*Broadcast Ownership Order*”), stayed pending appeal, *Prometheus Radio Project v. FCC*, No. 03-3388, 2003 U.S. App. LEXIS 18390 (3rd Cir. Sept. 3, 2003).

⁹ *Paxson*, 16 FCC Rcd at 14144.

¹⁰ See *Siete Grande Television, Inc.*, 7 FCC Rcd 5299 (1992) (granting waivers of technical rules to permit an unusual set of full power boosters to support a Ponce station).

¹¹ *Paxson*, 16 FCC Rcd at 14144.

In its licensing and regulation of television stations located on the Island of Puerto Rico, the Commission has repeatedly recognized that the Island is a geographically small and highly concentrated and competitive broadcast market (approximately 100 radio stations and 30 television stations located on an island that is only 125 miles long and 30 miles wide), which presents uniquely difficult challenges to television broadcasters.¹² These challenges stem from the extreme topography characteristic of the Island, the unusually large number of broadcast stations licensed to a comparatively small area and the generally poor economic conditions prevalent in many parts of the Island. The Commission has responded to these challenges by developing a unique body of law applicable only to Puerto Rico which recognizes the absolute necessity of rebroadcasting or satellite arrangements among Puerto Rico television stations.

1. Puerto Rico's Mountainous Terrain Prevents Island-Wide Coverage

As the FCC has consistently recognized, the extension of Grade B service by television stations located in Puerto Rico is severely constrained by the Island's mountainous terrain, which has "a significant limiting affect [sic] on the actual over-the-air coverage of television stations operating on the island."¹³ In a 1993 decision authorizing the common ownership of Stations WIEC-TV (Ponce), WSJU (San Juan) and WVEO (Aguadilla), the FCC described the impact of terrain on Puerto Rico broadcasters as follows:

Puerto Rico is a highly concentrated broadcast market having more than 100 radio stations and more than 30 licensed or authorized television stations, with San Juan dominating the island's economy. Puerto Rico, as an island, is approximately 125 miles long (east to west) and thirty miles wide (north to south), bisected east to

¹² See *Paxson*, 16 FCC Rcd at 14142-44; *Whitney*, 16 FCC Rcd at 2299; see also *Applications of JEM Communications, Inc., (Assignor) and Interstate General Properties Limited Partnership, S.E. (Assignee)*, 9 FCC Rcd 4874, 4875 (1994); *Canal 48, Inc.*, 8 FCC Rcd 2193, 2194 (1993); *Hector Nicolau*, 5 FCC Rcd 6370, 6372 (1990) ("*Nicolau*"); *Seglares Iglesia Catolica, Inc.*, 2 FCC Rcd 7539 (1987).

¹³ *Nicolau*, 5 FCC Rcd at 6371; see also *Canal 48, Inc.*, 8 FCC Rcd at 2194 (noting that "the area between the stations is mountainous, and none of the stations is likely to be received much beyond their immediate communities of license").

west by a central mountain range which effectively blocks television signals directed across its heights In fact, we have previously determined that useful television service for stations in Puerto Rico usually does not extend beyond the Grade A contour and is sometimes not satisfactory within that area.¹⁴

Despite the lack of over-the-air coverage and the poor cable penetration on the Island,¹⁵ advertisers expect their messages to reach all of the Island's population centers. Because no single station can reach all or even most of the Island, Puerto Rico television stations have developed a long-standing practice of entering into rebroadcast agreements with each other in order to provide service to the entire market. These relationships are intended to provide the Island-wide coverage demanded by advertisers while also providing the economic and programming support needed by the non-San Juan stations to survive in this highly competitive market. As a result, the generally stronger stations in the eastern section of the Island have for many years been teamed with – and provided financial and technical support to – the generally weaker stations in the other parts of the Island.¹⁶

2. Puerto Rico's Generally Poor Economic Conditions, Coupled with a Highly Concentrated Broadcast Market, Necessitate Satellite or Rebroadcast Arrangements

The Commission has also found that the problems caused by Puerto Rico's mountainous terrain are aggravated by the generally poor economic conditions in the population centers beyond San Juan. As the FCC concluded in a case involving the common ownership of Station WTIN, Ponce, and Station WVEO, Aguadilla, "the economic conditions existing in Puerto Rico

¹⁴ *Canal 48, Inc.*, 8 FCC Rcd at 2193.

¹⁵ According to the *Television & Cable Factbook* (2003), there are 367,964 basic cable subscribers and 917,769 homes passed in Puerto Rico for a cable penetration rate of 40 percent. *Id.* at F-3. Cable penetration is the ratio of the number of cable subscribers to the total number of households passed by cable systems. By contrast, the overall cable penetration rate for the United States was 63.7% as of June 2003. See *Annual Assessment of the Status of Competition in Markets for the Delivery of Video Programming, Tenth Annual Report*, ¶ 22 and Table 1, FCC 03-185 (Jan. 28, 2004).

¹⁶ *Paxson*, 16 FCC Rcd at 14143-44.

indicate that satellite operations or rebroadcast arrangements are a necessity,” even in cases where the stations’ communities of license and their surrounding areas are not technically unserved or underserved.¹⁷ The Commission recognizes that these arrangements are necessary to bring service to all residents of the Island: “Without the use of satellite operation or rebroadcast arrangements, television operations and programming choices beyond San Juan would be limited.”¹⁸

IV. PROPOSED CONTINUED SATELLITE OPERATION OF WTIN

Under the Commission’s general television satellite policy, a television applicant’s proposed satellite operation is presumed to serve the public interest if it satisfies the following three criteria: (1) no city grade overlap exists between the parent and the satellite; (2) the proposed satellite will provide service to an underserved area; and (3) no alternative operator is ready and able to construct or purchase and operate the satellite as a full-service station.¹⁹ If an applicant cannot meet these criteria, the Commission will evaluate the satellite proposal on an *ad hoc* basis²⁰ and, in the case of stations licensed to Puerto Rico, on the basis of the discrete body of law developed by the Commission to foster television service on the Island.

Less than three years ago, the Commission ruled that WTIN qualifies as a non-owned satellite station of WAPA-TV, even though the presumptive criteria for satellite status had not been met.²¹ At that time, LIN demonstrated compliance with the third criterion by submitting declarations by Nicolau and a media broker familiar with the Puerto Rico broadcasting market.

¹⁷ *Nicolau*, 5 FCC Rcd at 6371-72.

¹⁸ *Id.*

¹⁹ *See Television Satellite Stations*, 6 FCC Rcd 4212, 4213-14 (1991) (“*Television Satellite Policy*”).

²⁰ *Id.* at 4214.

²¹ *Paxson*, 16 FCC Rcd at 14143-44.

Both declarations confirmed the lack of qualified purchasers who would be interested in purchasing WTIN as a full-service, stand-alone station. Although the proposal to designate WTIN as a Satellite did not satisfy the first two presumptive criteria,²² the Commission nonetheless found that unique circumstances, including the small size of the Puerto Rico media market and the Island's generally mountainous topography and poor economic conditions, justified grant of satellite status to WTIN. As was the case then, these unique circumstances warrant continued treatment of WTIN as a satellite station.

V. COMPLIANCE WITH LOCAL TELEVISION OWNERSHIP RULE

The Commission previously approved LIN's ownership of two full-service television stations and four satellite stations, along with its rebroadcast arrangement with satellite Station WTIN.²³ Although the Commission recently revised the local television ownership rule,²⁴ the U.S. Court of Appeals for the Third Circuit subsequently stayed the effectiveness of the revised rule and ordered that the existing rule remain in effect pending judicial review.²⁵ Regardless of whether or when the revised rule becomes effective, satellite stations will remain non-

²² There is city-grade overlap between WTIN and WAPA-TV, and WTIN's community of license, Ponce, is not underserved.

²³ See FCC Public Notice, Rep. No. 45633 (Dec. 16, 2003) (announcing grant of application for assignment of license of Station WIRS(TV) (File No. BALCT-20031016ABP)).

²⁴ See *Broadcast Ownership Order*, 18 FCC Rcd at 13922-23, App. H Rule Changes (modifying 47 C.F.R. § 73.3555(b)). The Commission revised its local television ownership rule to permit the common ownership of more than one full-power commercial television stations licensed in the same Designated Market Area ("DMA"), if: (1) at the time that the application is filed, no more than one of the stations is ranked among the top four stations in the DMA, based on the most recent all-day audience share; and (2) either (i) no more than two commercial television stations in a DMA with 17 or fewer full-power commercial and non-commercial television stations will be commonly owned; or (ii) no more than three commercial television stations in a DMA with 18 or more full-power commercial and non-commercial television stations will be commonly owned. *Id.*

²⁵ *Prometheus Radio Project v. FCC*, No. 03-3388, 2003 U.S. App. LEXIS 18390 (3rd Cir. Sept. 3, 2003).

attributable under both the existing and revised local television ownership rules.²⁶ Consequently, the proposed continued satellite operation of WTIN is permissible under either the existing or revised local television ownership rule.

VI. CONCLUSION

As the foregoing demonstrates, grant of this application, including approval of the continued satellite operation of WTIN, is consistent with Commission rules and precedent and will serve the public interest.

²⁶ See *Broadcast Ownership Order*, 18 FCC Rcd at 13710.