

## DECLARATION OF HARRY J. PAPPAS

I, Harry J. Pappas, declare as follows:

1. I am providing this Declaration in connection with a Request for Duopoly Waiver Under Section 73.3555(b) of the Federal Communications Commission's ("FCC's") Rules, filed in conjunction with an application for Commission consent to the assignment of the license for WASV-TV ("WASV") (the "Waiver Request").
2. I am the President and Chief Executive Officer of Pappas Telecasting Companies ("PTC") and a General Partner of Pappas Telecasting of the Carolinas, a California Limited Partnership ("Pappas of the Carolinas"). Pappas of the Carolinas is the licensee of UHF Television Station WASV, Asheville, North Carolina. (PTC and Pappas of the Carolinas are sometimes collectively referred to herein as "Pappas.")<sup>1</sup>
3. This Declaration is provided based upon my personal knowledge of the facts, as well as the books and records of Pappas.
4. Prior to PTC's acquisition of WASV from Video Marketing Network, Inc. ("VMN") in August 1995, the station had been off the air for over four years, due to what I understand were significant financial and operational problems of VMN. WASV resumed service in April 1994 at an extremely low power of 12 kW effective radiated power ("ERP"), and rebroadcast the programming of a religious television station, WGGS, Greenville, South Carolina. WASV's then existing Grade B signal only

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<sup>1</sup> Pappas of the Carolinas acquired WASV's license from PTC, pursuant to Commission consent.

reached households in Asheville, and in a narrow, sparsely populated area of Buncombe County running a few miles in length between Asheville and the Busbee Mountain transmitter site of WASV.

5. When PTC acquired WASV in August 1995, the station was still rebroadcasting WGGS from WASV's Busbee Mountain site at approximately 12 kW ERP with the limited signal coverage described above. During the period August to December 1995, WASV had no income and therefore lost money. On January 17, 1996, WASV's tower collapsed during a storm on Busbee Mountain. WASV was off of the air until August 1996. When WASV resumed broadcasting, it continued to broadcast from its Busbee Mountain site at 12 kW ERP until a new transmitter site was constructed and operational at Pinnacle Mountain (as explained below).
6. During the first quarter of 1996, WASV suffered a \$ 83,262 operating loss. As WASV was off of the air for most of the quarter, it had no operating revenues and no income other than an approximately \$ 9 million pre-payment Pappas of the Carolinas received under a Local Marketing Agreement ("LMA") with Spartan Communications, Inc. ("Spartan"), as described below, and approximately \$11,000 in interest income (which I believe was earned on the LMA pre-payment).
7. In 1994, I had some preliminary discussions with Spartan regarding a possible LMA or joint venture agreement for WASV. PTC had applied to the Commission in March 1994 for consent to the assignment of the license for WASV from VMN to PTC. Serious discussions with Spartan regarding an LMA ensued in January 1996, after

PTC became WASV's licensee in August 1995. I pursued an arrangement with Spartan because of its presence and expertise as a broadcaster in the market, recognizing essential benefits to be gained from joint operations of Spartan's WSPA-TV and Pappas's WASV. The negotiations culminated in an LMA signed with Spartan on March 22, 1996, as described more fully below.

8. PTC desired an LMA arrangement which would have as a benefit the immediate construction (contingent on Commission approval) of a state-of-the-art facility in order to operate WASV as a full-power station expeditiously. In particular, the WB Network had agreed to a network affiliation agreement with Pappas for WASV only with Pappas's assurance that WASV's facilities would be upgraded to full-power. In light of the significant capital investment that would be required to build the new facilities, PTC sought to have another party construct new facilities that could be leased for WASV's use because Pappas was concurrently building and improving numerous other television stations.
9. In March 1996, Pappas of the Carolinas (which became the licensee of WASV on March 19, 1996, after obtaining Commission consent for a *pro forma* assignment to acquire the license from PTC) and Spartan entered into various business transactions, including an LMA, an Option Agreement, a Lease Agreement, and a related tower agreement involving another television station in the Columbus, Georgia market. Under the Option Agreement, Spartan was given the option to purchase the station assets of WASV. The LMA part of the transaction called for Spartan to provide

programming to WASV, for an initial term of five years. Spartan could pre-pay certain monthly amounts owing to Pappas of the Carolinas under the LMA, at a slight discount. Spartan did so in March of 1996.

10. After acquiring WASV, Pappas of the Carolinas proceeded to apply to the Commission for a construction permit to relocate WASV's antenna to a new site near Rich Mountain in Transylvania County, on which site Pappas held a purchase option. The Federal Aviation Administration ("FAA") issued a Determination of No Hazard to Air Navigation with respect to the proposed construction of a new antenna tower for WASV at Rich Mountain. In May 1996, the Commission granted Pappas of the Carolinas a construction permit to relocate WASV's antenna to the Rich Mountain site.
11. Following the grant of FAA and Commission approval, Pappas of the Carolinas and Spartan were ready to begin construction of the tower. On May 20, 1996, however, Transylvania County enacted an ordinance imposing a moratorium on the construction of new telecommunications towers in the County exceeding 100 feet in height (which would have applied to the new WASV tower).
12. As a result of the Transylvania County moratorium, Pappas and Spartan had to investigate other possible antenna locations for WASV outside of the County. Feasible locations for a new tower were limited because WASV needed to provide coverage to the majority of the South Carolina population within the Designated Market Area ("DMA"), in order to be financially viable, and to provide city-grade

coverage over Asheville, North Carolina (as required by the FCC's Rules) and a competitive signal over western North Carolina. Spartan secured a new transmitter site on Pinnacle Mountain in Henderson County, North Carolina.

13. Spartan constructed new facilities for WASV which were leased to Pappas. It is my understanding that Spartan also negotiated a ten-year network affiliation agreement with UPN for WASV.
14. The new transmitting facilities enable WASV's over-the-air signal to reach at least 80% of the households in the DMA, whereas the facilities that Pappas had acquired from VMN previously reached only 5% of the DMA households. The new facilities allow WASV to broadcast at 5,000 kW. In addition, the new facilities were designed and built to accommodate future DTV conversion.
15. Furthermore, the improved facilities and signal allowed WASV to qualify for must-carry status on all cable systems in its DMA, which status continues to this day.
16. Spartan, in consultation with Pappas, has also negotiated and obtained rights from non-network program suppliers to provide WASV's viewers with high-quality, diverse programming. Under the LMA, Spartan has also supplied WASV with significant public service programs, including various telethons to benefit public service causes.
17. The transaction between Pappas of the Carolinas and Spartan significantly improved WASV. Reconstruction of WASV in a timely manner with greatly improved programming has resulted in WASV's development into a full-service, full-market coverage station.

I declare under penalty of perjury that the foregoing is true and correct.

  
Harry J. Pappas

Executed on July 27, 2001.