WAIVER REQUEST

Sainte Partners II, LP ("Sainte") respectfully requests a waiver of Section 73.3555(b) of the Commission's rules which would otherwise serve to prohibit Sainte's proposed acquisition of KVIQ(TV), Eureka, California, as proposed in the underlying application. Sainte submits that both KBVU(TV) and KVIQ(TV) meet the "failing station" standard and that grant of the requested waiver is warranted under the circumstances. The following is shown in support thereof:[1]

I. Introduction

Sainte currently controls the licensee of station KBVU(TV), Eureka, California. Pursuant to the underlying application, Sainte seeks to acquire KVIQ(TV), Eureka, California, the authorization to which is currently held by Ackerley Media Group, Inc. Eureka is the 190th Designated Market Area ("DMA"). The market consists of the rural counties of Humboldt (51,238 households) and Del Norte (9,170 households).[2] According to Nielsen, Humboldt County is comprised of 50,170 television households while Del Norte County is comprised of 8,690 television households. The economic center of the DMA is the city of Eureka, with a population of 26,128.[3]

The market is served by four television stations in addition to KBVU(TV): KIEM-TV, Channel 3, NBC; KVIQ(TV), Channel 6, CBS[4]; KAEF(TV), Channel 23, ABC[5]; and KEET, Channel 13, PBS. Each of these stations competes for an ever decreasing piece of the market share pie.

Media other than the foregoing television stations contribute to viewpoint diversity in the Eureka market.

Cable penetration in the market is approximately 74%. The Cox cable system serving Eureka and Humboldt County has the capacity to offer 250 total channels.[6] In addition to the local television channels, Cox offers KPIX-TV and KRON-TV, both San Francisco. By way of cable network programming, among others the system offers: C-Span, C-Span 2, CNBC, CNN, Court TV, FOX News Channel, Headline News, MSNBC, and Univision.[7] WB network service

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[1] This waiver request is submitted under the Declaration under Penalty of Perjury of Sainte's President, Chester Smith.

[2] 2000 US Census.

[3] *Id.*

[4] This station is operating essentially as a satellite of KFTY, Santa Rosa, California.

[5] This station is operating essentially as a satellite of KRCR, Redding, California.

[6] The system has 79 analog channels.

[7] "For most viewers the programming choices offered by local broadcast television stations and cable networks represent good alternatives for one another." *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 Cross-Ownership of Broadcast Stations and Newspapers Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets Definition of Radio Markets Definition of Radio Markets for Areas Not Located in an Arbitron Survey Area* ("*2002 Biennial Regulatory Review*"), 29 CR 564, para. 143 (July 02, 2003). Sainte recognizes that the rules adopted therein have been stayed, but submits that the court's action affects

is provided over a leased cable channel. The market is also served by the Echostar and DirecTV direct broadcast satellite services ("DBS"), neither of which carries the local stations but both of which do carry, among others, the foregoing cable networks.

Moreover, thirteen low power television ("LPTV") stations are licensed to Eureka, the authorizations for which are each held by one entity, MS Communications, LLC.[8] Additionally, Pappas Telecasting holds a construction permit for a fourteenth LPTV station. Indeed, a 1998 article in the *Wall Street Journal* characterized Humboldt County, "with 10 radio stations, five television stations and a major cable system" as "the nation's broadcast-media capitol for smaller communities."[9] The article went on to quantify the level of media saturation in the county as 28, as compared to a national median of seven, and concluded that "the county has the highest number of TV stations among micros [*i.e.*: cities with 15,000 to 50,000 residents] nationwide." Additionally, the DMA is served by two daily newspapers, nine mainstream weekly newspapers and twenty one radio stations.

Each of the previously discussed entities, with the possible exception of the DBS providers, takes advertising revenue out of the market. Most of the viewership and advertising is sold within the local environs of Eureka itself.

II. Waiver Standard

The Commission will entertain applications to waive the local television multiple ownership rule on a case-by-case basis where a proposed combination involves at least one station that is failed, failing, or unbuilt.[10] Under its failing station standard, the Commission generally requires the waiver applicant to demonstrate that: (1) one of the merging stations has had a low all-day audience share (i.e., 4% or lower); (2) the financial condition of one of the merging stations is poor (e.g. where the station has had a negative cash flow for the previous three years); (3) the merger will produce tangible and verifiable public interest benefits that outweigh any harm to competition and diversity; and (4) the in-market buyer is the only reasonably available candidate willing and able to acquire the failing station, and selling the station to an out-of-market buyer would result in an artificially depressed price.[11]

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only the Commission's application of its findings and that it does not detract from the factual conclusions made therein

[8] Sainte respectfully notes that it has just acquired five of the MS Communications LPTV stations serving Eureka (K17EH, K31EW, K33FN, K52FK and K67GU). Sainte intends to use these facilities as translators for KBVU and its Spanish language programming in order to aspire toward achieving a measure of parity with its competitors, who program multiple translators in the market. Sainte had searched for frequencies to apply for its own translator facilities in order to attempt to level the field of competition, but did not succeed and instead had to acquire existing authorizations. Also approved by the FCC are applications (BALTTL-20040109AEA and BALTTL-20040109AEC for Sainte to acquire two other MS LPTV Eureka translators (K59FW and K69IE), but the parties do not plan to consummate these license assignments.

[9] "Media: Tune In, Turn On, Drop Out," Tamar Housman, Wall Street Journal, July 22, 1998.

[10] 47 C.F.R. §73.3555, Note 7.

[11] 47 C.F.R. §73.3555, Note 7. *Review of the Commission's Regulations Governing Broadcasting* ("*Television Ownership Order*"), 14 FCC Rcd 12903, 12939 (1999), *reconsideration granted in part, Memorandum Opinion and Second Order on Reconsideration*, 16 FCC Rcd 1067 (2001).

A. The Commission Should Consider this Request Without Reference to the Out-of-Market Buyer Aspect of its Policy

The Commission recently revised its waiver policy by "remov[ing] the requirement that a waiver applicant demonstrate that it has tried and failed to secure an out-of-market buyer for the subject station."[12] Notwithstanding the recent stay of the effectiveness of the Commission's new multiple ownership rules,[13] the Commission should continue to apply its new waiver policy, *i.e.*, consider this request without reference to the out-of-market aspect of the policy. The court's stay does not change the underlying reasoning for adoption of the new waiver policy, *i.e.*, that "[i]n many cases, the buyer most likely to deliver public interest benefits by using the failed, failing, or unbuilt station will be the owner of another station in the same market" and "that the efficiencies associated with operation of two same-market stations, absent unusual circumstances, will always result in the buyer being the owner of another station in that market."[14]

It has long been recognized that the ultimate objective of all duopoly rules is to prevent undue concentration of economic power and to promote maximum diversification of program and service viewpoints.[15] The Commission has maintained a policy of flexibility, such that waivers consistently have been found to be appropriate where the public interest benefits to be gained would exceed any detrimental effects of overlap, and the analyses leading to grants of waivers have focused directly on these competitive benefits and detriments rather than upon specific aspects of whichever duopoly rule happened to be operative at the time.[16] The effective independence of waiver processing from the underlying rules is further evident from instances in which the Commission has proceeded to process waiver requests notwithstanding release of a notice of proposed rulemaking that would result in possible changes to its video ownership rules.[17] Accordingly, we submit that the waiver requested herein can be assessed and granted without regard to the status of the current duopoly rule, which has no significant impact upon the public interest benefits that support it.

Furthermore, to the extent that the Commission's current waiver policy might be thought to carry the weight of a rule, nothing in the court's order prevents the Commission from waiving that (or any other) aspect of its current waiver policy. The Commission may waive a rule for good cause shown.[18] Applicable policy on rule waivers holds that:

> Under applicable precedent, waiver is appropriate if special circumstances warrant a deviation from the general rule and such deviation would better serve the public interest than would strict

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[12] *2002 Biennial Regulatory Review,* 29 CR 564 (July 02, 2003).
[13] *Prometheus Radio Project v. FCC,* No. 03-3388 (3d Cir. Sept. 3, 2003) (*per curiam*).
[14] *2002 Biennial Regulatory Review, supra, at ¶ 225.*
[15] *Multiple Ownership Rules*, 22 FCC2d 306, 307 (1970), *recon. granted in part,* 28 FCC2d 662 (1971).
[16] *See, e.g., John Hay Whitney,* 28 FCC 2d 736, 752 (1971) and *Capital Cities Communications, Inc.*, 2 FCC Rcd 7374 (1987).
[17] *Iowa State University Broadcasting Corporation,* 9 FCC Rcd 481 (1993) at ¶ 20.
[18] 47 C.F.R. § 1.3.

> adherence to the general rule.[19] Generally, the Commission may grant a waiver of its rules in a particular case if the relief requested would not undermine the policy objective of the rule in question and would otherwise serve the public interest.[20]

As discussed above, the Commission has already made a public interest finding in favor or removing the in-market buyer aspect of its waiver standard. In light of the foregoing, Sainte submits that the Commission should consider this waiver request without reference to that aspect of the waiver policy.

B. The Financial Condition of One of the Merging Stations is Poor (*e.g.* Where the Station has had a Negative Cash Flow for the Previous 3 Years)

Sainte easily satisfies this aspect of the Commission's waiver standard. Sainte has operated KBVU at a loss since the station's inception.[21] In support, Sainte offers the following statistical results of its operation and that of KVIQ which has also been operated at a loss for the prior three years.

The results of KBVU's operations are reflected in the following chart.[22]

Year	Financial Results
1999	($11,633.00)
2000	($88,265.00)
2001	($5,634.00)
2002	($10,456.00)
2003	($183,365.63)

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19 *EchoStar Satellite Corporation*, 18 FCC Rcd 7886, para. 13 (2003), *citing Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1166 (D.C. Cir. 1990). *See also Application of Delta Radio, Inc. For a Construction Permit for a New FM Station at Greenville, Mississippi*, FCC 03-201, n.19 (August 20, 2003) ("under Part 73 – Radio Broadcast Services, Subpart H – Rules Applicable to All Broadcast Stations, provides that requests for waiver 'shall show the nature of the waiver or exception desired and shall set forth the reasons in support thereof.' The specific waiver standard to be used by the Media Bureau, however, utilizes a case-by-case analysis governed by decisional precedent").

20 *EchoStar Satellite Corporation*, 18 FCC Rcd at para. 13, *citing WAIT Radio v. FCC*, 418 F.2d 1153 (D.C. Cir. 1969); *Dominion Video Satellite, Inc., Order and Authorization*, 14 FCC Rcd 8182 (Int'l Bur. 1999).

21 With increasing costs and no potential for increased revenue, one way that television stations in the Eureka market are attempting to stem the red ink is to cut operating costs. For a television station, that means that it must discontinue the costliest part of its operation, and that is usually producing the local news. Indeed, that is exactly what is happening in Eureka, as some stations are shutting down local studios and moving their origination to combined facilities in other locales.

22 The figures given are for cash losses before depreciation. Additionally, Sainte has incurred the substantial cost of building and placing into service its digital facilities, in compliance with FCC requirements. Attached is Sainte's unaudited Statement of Operations for the station for the fiscal year 2003, and its Comparative Profit and Loss Statements for the years 2000 and 2001. Its information for the year 2002 was lost to a computer malfunction; however, the data provided herein for that year was derived from available information, including tax returns.

KVIQ has suffered an even worse financial experience in Eureka. It has shared the results of its operations with Sainte and has authorized Sainte to reveal these financial results to the Commission.[23] The EBITDA results of KVIQ's operations are reflected in the following chart.

Year	Financial Results
2000	($815,748)
2001	($699,396)
2002	($230,562)
2003	($163,920)

Neither station can afford to continue operating in this fashion. The substantial likelihood is that, without the relief requested herein, Sainte will be forced to operate KBVU as a satellite of KCVU(TV), Chico, California.[24]

Sainte submits that since not just one but both stations are in poor financial condition, this aspect of the Commission's waiver policy is more than satisfied.

C. The Merger Will Produce Tangible and Verifiable Public Interest Benefits that Outweigh any Harm to Competition and Diversity

Were the stations to combine operations under a single owner they could share production facilities and operations, *i.e.*, joint operations would allow for the elimination of redundant studio and office space and equipment, thereby allowing that owner to realize substantial savings from economies of scale. Combining the stations will allow Sainte to achieve otherwise unattainable efficiencies that will enable it to compete more effectively with other media outlets in the market. Sainte also believes that its ownership of both KBVU and KVIQ will increase opportunities for cross-promotion and counter-programming.[25]

Of the five stations in the market, only KIEM(TV) airs a local news program.[26] KVIQ(TV), KBVU and KAEF(TV) each currently airs a news program, but these are rebroadcasts from out-of-market stations containing little local content. With combined operations, both stations would be able to provide local news and broader local public affairs programming. Sainte's current intention, subsequent to its acquisition of KVIQ(TV), is to

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[23] Attached is a declaration of Mark P. Faylor attesting to these figures.

[24] Prospects for the future, even with the relief requested herein, are still challenging. According to the March 24, 2004 NATPE DailyLead *Variety* reported a Sanford Bernstein study that suggested a "slow and painful death" for local TV station groups not owned by a major media conglomerate, as ad dollars continue to move to national broadcast and cable. Sainte's own financial experience suggests that this trend is well underway. Thus, after growing from 2000 to 2002, KBVU's national revenues were down significantly in 2003, and first quarter billings, which have proven to be an accurate predictor for the entire year, are down precipitously this year compared to 2003.

[25] *2002 Biennial Regulatory Review*, 29 CR 564 at para. 147.

[26] Sainte understands that the network support that has enabled the station to produce its local news program has been (or is soon to be) discontinued and thus questions whether the station will have the wherewithal to continue its local programming at current levels.

produce and air a local news program at 6 p.m. and 11 p.m. on KVIQ(TV) and at 10 p.m. on KBVU(TV).[27] Sainte currently does not possess either the necessary staff or studio facilities and will require a minimum of six months (and as much as a year) subsequent to its acquisition of KVIQ(TV) in order to implement its plan. This period will afford Sainte the time it needs to construct the necessary facilities and build a staff to effectuate the plan.

Rather than decrease competition, the proposed combination will increase the number of viable competitors in the market. The viewing public will be far better served with five strong local full power broadcast outlets serving the local needs and interests of the Eureka market as compared with the current situation where at least two of the five local broadcast outlets (*i.e.*, forty percent of the stations in the market) are without the wherewithal or the necessary resources to afford the kind of local programming that will advance viewers' interests. We further submit that the possible decrease in diversity resulting from common ownership of KVIQ(TV) and KBVU is not only amply outweighed by the strengthened local programming noted above but is barely significant in absolute terms, given the extreme disparity between the number of area outlets and the small size of the market.

The Commission has observed that "adoption of the local TV ownership rule was not predicated on promoting localism" and that its 1999 relaxation of the rule:

> was likely to promote localism. Specifically, we relaxed the local TV ownership rule in 1999 on grounds that local ownership combinations were likely to yield efficiencies that "can in turn lead to cost savings, which can lead to programming and other service benefits that enhance the public interest."[28]

Sainte submits that grant of this waiver request, through the resulting cost savings and efficiencies, will yield just that result.

D. Low All-day Audience Share

Neither KBVU(TV) nor KVIQ(TV) has had an all-day audience share of 4% or lower. Sainte submits however that this waiver standard is not germane to the issue. Sainte also submits, in the alternative, that its failure to satisfy this aspect of the test is outweighed by the

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[27] *Pappas Telecasting of the Carolinas*, 17 FCC Rcd 842 (2002) (development of news programming upon acquisition of station combo found to be in the public interest). *See also Counterpoint Communications, Inc.*, 16 FCC Rcd 15044 (2001) (news programming resulting from station combination serves the public interest). *2002 Biennial Regulatory Review*, 24 CR 524 at para. 159 ("An empirical study of the effects of common ownership or operation on local news quantity and quality provides some evidence that stations that are commonly owned or operated are more likely to offer local news than independently owned stations").

[28] *2002 Biennial Regulatory Review,* 29 CR 564, para. 155, *quoting*, *Review of the Commission's Regulations Governing TV Broadcasting, TV Satellite Stations Review of Policy & Rules*, 14 FCC Rcd 12903, 12920 ¶34 (1999) (subsequent history omitted). The Commission's findings in its *2002 Biennial Regulatory Review* support that thesis. There, the Commission found that "[a]n empirical study of the effects of common ownership or operation on local news quantity and quality provides some evidence that stations that are commonly owned or operated are more likely to offer local news than independently owned stations." *Id* at para. 159. The Commission also found anecdotal evidence supporting this thesis. *Id* at para. 160.

dire financial situations in which both stations find themselves and the public interest benefits to be gained through the proposed combination.

As discussed above, not just one but both of the stations have been losing money over the three year period preceding this filing. Neither anticipates improvement of its fortunes through a maintenance of the status quo. Indeed, the stations' poor financial condition will only be exacerbated by the added expense the stations have been required to incur in order to meet the Commission's digital television mandate.

The stations' ability to garner better than a 4% share is largely a function of the fact that there are only five television stations in the market and is not otherwise reflective of conditions in the marketplace. While it would appear that the 4% threshold is arbitrary, it clearly is based upon an "average" market having far more television outlets than Eureka and loses its absolute significance when applied to a much smaller market. Thus, while 4% may be intended to represent significant underperformance in a large or even a medium market, a far higher threshold would have comparable significance in a large or even a market having only five TV stations, such as Eureka. In any event, the hard reality is that, despite their share numbers, the stations are losing money on a daily basis. Their ability to garner share is of only passing significance, since the share represents a percentage of a very small overall market audience and does not change the fact that both are losing money with no imminent prospects of reversal through maintenance of the status quo.

The Commission's "rationale for adopting [its] waiver criteria was that failed, failing and unbuilt stations could not contribute to competition or diversity in local markets, and that the public interest benefits of ... preventing a failing station from going dark outweighed any potential harm to competition or diversity."[29] While the stations may be contributing to competition in the marketplace, neither is contributing to diversity in the form of local news programming. As between competition and diversity, the Commission clearly indicated that contribution to diversity in the market was the more important of the two policy concerns.[30]

The larger issue here – where the primary focus should be placed – is whether the stations' "financial situation ... hampers their ability to be a viable 'voice' in the market."[31] As discussed above, neither station is in a position to produce its own local programming of any significance because of its poor financial condition. Accordingly, their financial condition does "hamper[] their ability to be a viable 'voice' in the market."[32]

Sainte, however, has committed to introduce local programming on not just one of the stations, but both KBVU(TV) and KVIQ(TV). The interests of diversity will clearly be served by a grant of the waiver request. Accordingly, the fact that neither of the stations garners a low all-day share should pose no bar to the grant of this waiver request.

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[29] *Local TV Ownership Report and Order*, 14 FCC Rcd at 12941, para. 85.
[30] *Local TV Ownership Report and Order*, 14 FCC Rcd at 12939, para. 79 ("These stations rarely have the resources to provide local news programming, and often struggle to provide significant local programming at all.").
[31] *Local TV Ownership Report and Order*, 14 FCC Rcd at 12939, para. 79.
[32] *Id.*

III. Conclusion

For all of the foregoing reasons, Sainte submits that grant of this waiver request and the underlying application for assignment of the KVIQ(TV) authorization will serve the public interest.

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COMPARATIVE PROFIT AND LOSS STATEMENT
SAINTE PARTNERS II, L.P.
KBVU-TV
ACCOUNTING PERIOD 12/00 DECEMBER

MONTH ENDED DECEMBER 31, 2000 - 12 MONTHS ENDED DECEMBER 31, 2000

HISTORY CURR 99	ORIGINAL CURR BUD 00	ACTUAL CURRENT	DESCRIPTION	ACTUAL YTD	ORIGINAL YTD BUD 00	HISTORY YTD 99
			BROADCAST REVENUE			
21,752		36,368	NATIONAL - REVENUE	399,917		357,772
1,700		2,410	REGIONAL REVENUE	25,595		18,850
53,692		48,893	LOCAL REVENUE	453,756		429,560
18,240		19,039	POLITICAL REVENUE	207,082		200,719
		3,000		10,517		2,140
				36,312		28,066
1,275		2,080		51,204		13,706
4,839		4,408	TRADE REVENUE	49,406		26,425
						15,485
2,805			POLITICAL REVENUE	60,540		2,805
2,495		1,988		33,683		31,589
			PRODUCTION - REGIONAL			1,988
						4,513
3,403		2,212	AGENCY - LOCAL	28,452		24,980
2,736		2,856	AGENCY - REGIONAL	31,142		27,563
75		99	AGENCY - LOCAL RELIGIOUS PRO	1,004		4,548
105		713	AGENCY - NATIONAL/LOCAL NON-	6,034		11,190
3,263		8,653	AGENCY - NATIONAL/UNIVISION	103,720		50,748
			AGENCY - TRADE/LOCAL & REGIO	2,118		15,318
			AGENCY - POLITICAL/LOCAL	2,245		104
507			AGENCY - POLITICAL/NATIONAL	9,949		507
96,709		103,673	TOTAL BROADCAST INCOME	1,143,348		998,660
			OPERATING EXPENSES			
6,820-		5,835	TECHNICAL	93,906		91,250
22,474		24,422	PROGRAMMING	201,059		146,189
2,085		2,200	SALES	39,126		38,548
65,479		71,706	ADMIN ALL PAYROLL	923,882		706,082
83,218		104,163	TOTAL OPERATING EXPENSES	1,257,973		982,069
13,491		490-	INCOME FROM OPERATION	114,625-		16,591
			NON-BROADCAST REVENUE			
19,429-		2,214	OTHER INCOME	31,324		14,217-
412			BAD DEBT RECOVERY	1,663		1,115
		383	INTEREST, BAD DEBT, OTHER	9,627-		12,174-
			GAIN OR LOSS	3,000		
			NATIONAL REP REVENUE			2,948-
19,017-		2,597	TOTAL NON-BROADCAST REVENUE	26,360		28,224-

COMPARATIVE PROF. AND LOSS STATEMENT
SAINTE PARTNERS II, L.P.
KBVU-TV
ACCOUNTING PERIOD 12/00 DECEMBER

MONTH ENDED DECEMBER 31, 2000				12 MONTHS ENDED DECEMBER 31, 2000		
HISTORY CURR 99	ORIGINAL CURR BUD 00	ACTUAL CURRENT	DESCRIPTION	ACTUAL YTD	ORIGINAL YTD BUD 00	HISTORY YTD 99
			TOTAL OTHER DEDUCTIONS			
5,526-		2,107	NET INCOME BEFORE TAXES	88,265-		11,633-
5,526-		2,107	NET INCOME	88,265-		11,633-

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COMPARATIVE PROFIT AND LOSS STATEMENT
SAINTE PARTNERS II, L.P.
KBVU-TV
ACCOUNTING PERIOD 12/01 DECEMBER

MONTH ENDED DECEMBER 31, 2001 - 12 MONTHS ENDED DECEMBER 31, 2001

STORY YR 00	ORIGINAL CURR BUD 01	ACTUAL CURRENT	DESCRIPTION	ACTUAL YTD	ORIGINAL YTD BUD 01	HISTORY YTD 00
			BROADCAST REVENUE			
36,388		47,988	NATIONAL - REVENUE	447,794		399,917
2,410		31,500	REGIONAL REVENUE	254,349		25,595
48,893		54,327	LOCAL REVENUE	550,924		453,756
19,039			POLITICAL REVENUE			207,082
3,000						10,517
						36,312
2,060						51,204
4,408		4,919	TRADE REVENUE	29,721		49,406
			POLITICAL REVENUE			60,540
1,988						33,683
2,212		2,854	AGENCY - LOCAL	22,572		28,452
2,856		4,463	AGENCY - REGIONAL	34,510		31,142
99			AGENCY - LOCAL RELIGIOUS PRO			1,004
713			AGENCY - NATIONAL/LOCAL NON-			6,034
8,653		11,276	AGENCY - NATIONAL/UNIVISION	99,453		103,720
			AGENCY - TRADE/LOCAL & REGIO	4,353		2,118
			AGENCY - POLITICAL/LOCAL			2,245
			AGENCY - POLITICAL/NATIONAL			9,949
103,673		120,141	TOTAL BROADCAST INCOME	1,121,900		1,143,348
			OPERATING EXPENSES			
5,835		6,911	TECHNICAL	97,162		93,906
24,422		26,964	PROGRAMMING	-241,057		201,059
2,200		5,651	SALES	50,768		39,126
71,706		73,273	ADMIN ALL PAYROLL	770,090		923,882
104,163		112,799	TOTAL OPERATING EXPENSES	1,159,077		1,257,973
490-		7,342	INCOME FROM OPERATION	37,177-		114,625-
			NON-BROADCAST REVENUE			
2,214		16,166	OTHER INCOME	43,689		31,324
		287	BAD DEBT RECOVERY	1,073		1,663
383			INTEREST, BAD DEBT, OTHER	13,239-		9,627-
			GAIN OR LOSS			3,000
2,597		16,453	TOTAL NON-BROADCAST REVENUE	31,543		26,360
			TOTAL OTHER DEDUCTIONS			
2,107		23,795	NET INCOME BEFORE TAXES	5,634-		88,265-

Sainte Partners II L.P.

STATEMENT OF OPERATIONS

FOR KBVU-TV -Eureka
FOR THE 12 PERIODS ENDED DECEMBER 31, 2003

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
Revenue				
National Revenue: KBVU	$32,058.25	25.7 %	493,652.49	37.8
Regional Revenue: KBVU	28,167.00	22.6	376,891.05	28.9
Local Revenue: KBVU	69,280.00	55.6	538,898.87	41.3
Bill & Remit - KBVU	.00	.0	(1,911.75)	(.1)
Trade - Local: KBVU	5,579.00	4.5	44,364.63	3.4
Agency - Local: KBVU	(3,318.90)	(2.7)	(31,866.00)	(2.4)
Agency - Regional: KBVU	(4,018.20)	(3.2)	(42,148.43)	(3.2)
Agency - National: KBVU	(8,959.84)	(7.2)	(112,448.02)	(8.6)
Sweep: KBVU-TV	.00	.0	(534.00)	.0
Other Income: KBVU	5,577.55	4.5	29,702.62	2.3
Fox Broadcasting: KBVU	.00	.0	11,281.00	.9
Bad Debt Recovery: KBVU	244.00	.2	5,891.00	.5
Shared Fox Rev.: KBVU	.00	.0	(7,537.14)	(.6)
TOTAL Revenue	124,608.86	100.0	1,304,236.32	100.0
Gross Profit	124,608.86	100.0	1,304,236.32	100.0
Operating Expenses				
Salaries & Wages: Admin-KBVU	48,839.48	39.2	563,524.55	43.2
Entertainment & Food:Prog-KBVU	.00	.0	333.39	.0
Entertainment: Sales-KBVU	86.67	.1	1,818.71	.1
Entertainment: Admin-KBVU	37.00	.0	725.91	.1
Food & Lodging: Tech-KBVU	38.66	.0	2,024.11	.2
Food & Lodging: Prog-KBVU	.00	.0	68.20	.0
Food & Lodging: Sales-KBVU	90.35	.1	871.71	.1
Lodging: Admin-KBVU	1,737.49	1.4	35,295.00	2.7
Auto & Travel: Tech-KBVU	182.84	.1	6,864.87	.5
Auto & Travel: Prog-KBVU	121.56	.1	2,144.07	.2
Auto & Travel: Sales-KBVU	.00	.0	723.90	.1
Auto & Travel: Admin-KBVU	361.00	.3	3,184.53	.2
Rep. & Maint.: Tech-KBVU	1,085.64	.9	8,859.32	.7
Rep. & Maint.: Prog-KBVU	.00	.0	1,386.18	.1
Rep. & Maint.: Admin-KBVU	835.48	.7	1,934.98	.1
Rent: Tech-KBVU	2,944.70	2.4	42,934.41	3.3
Rent: Sales-KBVU	.00	.0	266.67	.0
Rent: Admin-KBVU	2,100.00	1.7	22,912.50	1.8
Utilities: Tech-KBVU	2,122.20	1.7	29,158.17	2.2
Utilities: Admin-KBVU	.00	.0	1,291.92	.1
Tel & Comm: Tech-KBVU	.00	.0	124.18	.0
Tel & Comm: Prog-KBVU	.00	.0	27.10	.0
Tel & Comm: Admin-KBVU	605.02	.5	8,069.24	.6
Postage & Ship: Tech-KBVU	165.37	.1	239.01	.0
Postage & Ship: Prog-KBVU	.00	.0	257.39	.0
Postage & Ship: Sales-KBVU	.00	.0	39.37	.0
Postage & Ship: Admin-KBVU	227.62	.2	4,225.17	.3
Operating: Tech-KBVU	.00	.0	622.94	.0
Operating: Prog-KBVU	80.97	.1	166.51	.0

Sainte Partners II L.P.

STATEMENT OF OPERATIONS

FOR KBVU-TV -Eureka

FOR THE 12 PERIODS ENDED DECEMBER 31, 2003

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
Operating Expenses	(Continued)			
Operating: Sales-KBVU	$.00	.0 %	91.75	.0
Operating: Admin-KBVU	88.10	.1	8,092.88	.6
Employee Training: Admin-KBVU	.00	.0	249.00	.0
Outside Engineering: Tech-KBVU	.00	.0	526.25	.0
Returned Checks	.00	.0	500.00	.0
Tubes & Sp. Parts: Tech-KBVU	.00	.0	15,247.00	1.2
Professional & Legal: Admin-KB	.00	.0	35,515.68	2.7
Royalties & Licenses: Prog-KBV	1,208.47	1.0	13,784.12	1.1
Office Supplies: Tech-KBVU	43.56	.0	642.14	.0
Office Supplies: Prog-KBVU	43.56	.0	605.71	.0
Office Supplies: Sales-KBVU	43.55	.0	505.39	.0
Office Supplies: Admin-KBVU	140.90	.1	4,814.61	.4
Outside Printing: Prog-KBVU	.00	.0	301.79	.0
Outside Printing: Sales-KBVU	146.37	.1	311.61	.0
Outside Printing: Admin-KBVU	.00	.0	1,730.00	.1
Rating Services: Sales-KBVU	2,448.61	2.0	26,348.89	2.0
General Insurance: Admin-KBVU	.00	.0	50.00	.0
Emp. Health Ins: Admin-KBVU	7,708.31	6.2	95,822.60	7.3
Payroll Tax: Admin-KBVU	3,647.38	2.9	42,625.88	3.3
Camera & Film: Prog-KBVU	.00	.0	18,794.86	1.4
Property Tax: Admin-KBVU	.00	.0	12,391.56	1.0
Outside Programming: Prog-KBVU	21,470.12	17.2	187,035.96	14.3
Comp. Ins: Admin-KBVU	.00	.0	10,497.76	.8
Outside Programmimg: Prog-KBVU	.00	.0	45,221.44	3.5
Lic., Fees & Permits: Adm-KBVU	2,636.86	2.1	3,145.86	.2
Dues & Subscriptions: Tech-KBV	40.04	.0	565.77	.0
Dues & Subscriptions: Sales-KB	.00	.0	348.00	.0
Dues & Subscriptions: Admin-KB	284.02	.2	2,227.77	.2
Bad Debt Expense	.00	.0	2,260.00	.2
Computer Supplies: Tech-KBVU	.00	.0	785.02	.1
Computer Supplies: Prog-KBVU	.00	.0	60.00	.0
Computer Supplies: Admin-KBVU	.00	.0	40.96	.0
Computer Serv. Exp: Prog-KBVU	.00	.0	1,500.00	.1
Computer Serv. Exp: Admin-KBV	500.00	.4	6,539.32	.5
Advertising & Promo.: Prog-KBV	8,460.28	6.8	33,565.61	2.6
Advertising & Promo.: Sales-KB	23.28	.0	102.01	.0
Depreciation: KBVU	.00	.0	94,116.00	7.2
Payroll Service: Admin-KBVU	.00	.0	1,559.55	.1
Service Chrg: Admin-KBVU	45.00	.0	85.00	.0
Alloc. Exec. Exp: Admin-KBVU	.00	.0	143,457.95	11.0
TOTAL Operating Expenses	110,640.46	88.8	1,552,159.71	119.0
Net Income from Operations	13,968.40	11.2	(247,923.39)	(19.0)
Other Income & Expense				
Interest Earned	.00	.0	17.38	.0
Other Expenses	.00	.0	(29,575.62)	(2.3)

Sainte Partners II L.P.

STATEMENT OF OPERATIONS

FOR KBVU-TV -Eureka
FOR THE 12 PERIODS ENDED DECEMBER 31, 2003

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
TOTAL Other Income & Expense	$.00	.0 %	(29,558.24)	(2.3)
Earnings before Income Tax	13,968.40	11.2	(277,481.63)	(21.3)
Net Income (Loss)	$13,968.40	11.2 %	(277,481.63)	(21.3)

DECLARATION UNDER PENALTY OF PERJURY

I, Chester Smith, hereby declare under penalty of perjury that the following is true and correct to the best of my personal knowledge and belief:

1. I am the General Partner of Sainte Partners II, LP ("Sainte").

2. I have read the foregoing Waiver Request in support of Sainte's application for assignment of the KVIQ(TV), Eureka, California and waiver of the Commission's duopoly rule. All of the facts stated therein, except those separately supported, are true and correct to the best of my knowledge and belief.

March 25, 2004
Date

DECLARATION

I, Mark Faylor, hereby declare under penalty of perjury that the following is true and correct:

I am Mark P. Faylor [title] Regional Vice President of Ackerley Media Group, Inc. ("Ackerley"). In that capacity, I oversee the operation of television station KVIQ(TV), Eureka, California. Attached hereto is a report showing the actual cash flow of KVIQ(TV) for years 2000-2003. As shown by this report, KVIQ(TV) had negative cash flow in each of the last three full calendar years.

Dated: 3/8/04

Mark Faylor

KVIQ
EBITDA Report 2000 to 2003

	2000	2001	2002	2003
Revenue	1,262,283	1,025,879	1,038,982	871,321
Expense	(2,078,031)	(1,725,275)	(1,269,544)	(1,035,241)
EBITDA	(815,748)	(699,396)	(230,562)	(163,920)