

TESTIMONY OF
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BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON TELECOMMUNICATIONS AND THE INTERNET
HEARING ON
"STATUS OF THE DTV TRANSITION: 154 DAYS AND COUNTING"
SEPTEMBER 16, 2008

Good Morning. Chairman Dingell, Chairman Markey, Ranking Member Barton, and Ranking Member Stearns, my name is David Candelaria. I am employed as the Vice President and General Manager of the Spanish-language radio and television stations that Entravision Communications Corporation owns and operates serving El Paso, Texas. I have worked in the broadcasting industry for nearly 20 years and have spent nearly 40 years of my life living in El Paso.

Testifying before a Congressional Committee is a far cry from the work I do on most days which is to deal with what programming to broadcast on our two television and four radio stations and how to better sell advertising in order to pay the bills. I was asked by our senior management to testify before you based on my knowledge of the Hispanic community and how the digital transition will impact the unique part of this country that we call the border region. I was told to "tell it like it is" and I will try to do so.

What I particularly want you to know is how important it is that the Congress pass the Border Fix Act legislation. In the Senate, the two Republican Senators from my State and a Democratic Senator from California sponsored and secured the unanimous approval of the legislation. Your colleague on this Subcommittee, Ms. Solis, introduced the legislation in this Chamber and she is supported by your other colleagues on this Subcommittee, Messrs. Gonzalez and Green from Texas and Ms. Capps from California. Each and every member of Congress from the border region supports the legislation. While they may be Democrats, support of the legislation is bi-partisan and, Mr. Stearns, we have heard from other Republican members that they are behind the Act as well.

The reason I care so much about this bill is as our Congressman in El Paso, Silvestre Reyes, has said, that unless we do so that "tens of thousands of families and individuals in our region may be left behind." They will be left behind because they can't or won't be able to receive digital broadcasting transmissions on the television receivers in their homes. However, those receivers will not be dark since Mexican television stations will continue to operate in the analog mode and the station owners have made the Spanish-speaking public aware of that.

There is a fact of life in the Hispanic community along the border that you should be aware of. In El Paso, 45% of the population is Spanish-dominant, 70% of the overall population is Spanish-speaking, and 94% of the population possesses knowledge of the Spanish language. When Spanish-speakers in El Paso and along the border need information they turn to Spanish-language television. Our television station, KINT, whose share of the evening news is six times that of the ABC affiliate, achieved that success by consistently providing quality news, information, weather, public safety messages such as AMBER alerts and EAS activations, and border crossing warnings, and, I am sure you appreciate, political advertising for our viewers. This is in direct contrast to Mexican stations that provide a little Mexican news and not much more. Recently, when we had flooding in El Paso after Hurricane Dolly you would never have known that a hurricane was coming or what its potential impact was on El Paso if you watched Mexican television. And, while waiting to find out, you would have been inundated with cigarette advertising that seeks to induce the smoking habit in our children.

Unless this Congress passes the Border Fix Act, our Spanish-speaking viewers will simply tune in to Mexican television. Mexican television is a real threat to domestic Spanish language television because it provides appealing entertainment and sports programming that is well received, and not transitioning will allow Hispanics to spend more money on other things

such as food, clothing, and gas, rather than on digital converter boxes. However, not having domestic Spanish language television stations removes their primary means of obtaining information about their community and their principal connection to the greater community and the means by which they can find out what is taking place in their city, county, state and country.

As I have spoken about the Act with various parties, a number of questions have been posed to me and I would like to address them.

First, I have been asked that is this not the best time to force viewers to transition since we have the educational efforts and the converter box subsidy? While it is a good time, you need to be aware that there is a cultural resistance among U.S. citizens and resident aliens that will prevent it from being completed at this time. Along the border, Hispanics are reluctant to register with the government, and especially the federal government, whether it be to vote, to be included in the Census, or to secure a converter box. In addition, while \$40.00 may not sound like a lot of money to you in this affluent and beautiful Capital, it is a lot of money to Hispanics living in some of the poorest counties in this country, where that money is needed for food, gas, and clothing.

Second, I have been asked why we don't seek to educate our Hispanic viewers to convert? In fact, our Station has helped achieve, in El Paso, coupon orders and redemptions at 240% of the national rate. Yet, this is still not enough and will not be enough in the short term given the forces of poverty, language, and the lurking presence of Mexican analog television service. What we really need is more time to keep our educational efforts up and convince Hispanic viewers that there is value in migrating to digital even though Mexican analog service is available to them.

Third, I have been asked why I should not expect our young people to press their parents to acquire digital sets in order to be able to watch the English-language networks. The simple answer is that the young people do not watch English language television. The numbers prove it: in El Paso, between my Station, KINT, and the most popular station in the market, Mexico's XHJC, we take 30% of the viewing in prime time. The NBC affiliate, in contrast, takes just 4% in prime time, which I believe represents the English-language population in the market. This is because we are culturally different from the rest of the country. Along the border, Hispanic cultural idols and sports that Hispanics relate to are readily found on Mexican television stations and the television stations of Univision and Telemundo. They are not found on NBC or CBS and that is why the English-language stations have poor ratings in the border areas.

Fourth, I have been asked why would four years help if I am worried about getting Hispanic viewers to transition? Honestly, I believe that in order to complete the transition that we will need more than four years, but I have been told that in order to win the support of certain Senators compromises had to be made and four years represented a compromise. However, I believe that over the next four years we will have much success. The reason is simple: we just need more time to persuade Hispanics to transition and to acquire the digital receivers. Also, the World Cup, perhaps the most important sporting event along the border and the World, will be coming up in 2010 and it will be in HD. This should induce many, more than any other reason, many Hispanic citizens to convert to digital.

Fifth, I have been asked whether this sends the wrong message to other broadcasters who have invested in the transition. Well, we have invested in the transition as well and have been operating in digital for quite some time for the few, if any, viewers who are digitally equipped. Further, we will have to continue to pay a power bill, of about \$30,000.00 per month, for our two

analog stations. Despite this, Entravision recognizes, as a public trustee of the broadcast spectrum, that our duty is to continue to supply American citizens with programming that informs and entertains them and not to cede their viewing to a foreign country. As the legislation is drafted, nobody has to continue operating in analog, they must elect to do so and any broadcaster that wants to operate only in digital should do so.

Sixth, I have been asked whether the legislation would prevent the recovery of the 700 MHz spectrum so that it can be used by wireless and public safety purposes. The answer is a definite no. Unless a Station can operate within the new broadcast core, it cannot continue to operate in analog following February 17, 2009. The result is that the 700 MHz spectrum is available to the wireless operators who acquired it in the FCC's auctions and to public safety departments. We have determined, and the FCC has confirmed to the Senate, that there is no impact on any proposed 700 MHz user should the Congress pass this legislation.

Finally, I know that you will hear from English-language broadcasters as to why the Act is a mistake. However, these are the very same broadcasters who readily admit that Hispanics do not watch their stations. This testimony will be in the great tradition of the broadcast community that it has resulted in our poor reputation before the public sector. If there is a legislative or regulatory proposal that would maintain or promote competition, broadcasters rush to stifle it with arguments claiming that the sky is falling. In fact, my English-language competitors view the digital conversion as their opportunity to grab my business. Their view is that if Hispanics migrate to Mexican stations, the share of domestic English-language stations will increase. If their shares increase they can then promote themselves better to advertisers. All I can say is that the opinion of our Congressman, and local leaders such as Mayor Cortez of McAllen and State

Representative Veronica Gonzalez of the Rio Grande Valley, who all support the legislation, should weigh more heavily on the scale than my self-interested competitors.

In sum, with 154 days to go to the transition, I urge you to consider that neither education, more coupons, more converter boxes, or visits from the FCC, will convince the great bulk of the Spanish-speaking population along the border to transition when they have a clear alternative available. I am pleased that Hurricane Ike did not hit the border, but I worry that, next year, if there is a hurricane that hits the Rio Grande Valley and then El Paso, how the word will get out if domestic Spanish language television stations are not transmitting in analog, because we cannot rely on Mexican competitors. So as to protect the Spanish-speakers along our border, I urge you to enact this legislation before this Congress recesses.

I am prepared to answer your questions.