

one of the most optimistic forecasters of CATV's future, suggesting that 80% of television homes might be connected to systems if the service is allowed to grow in major cities.

He viewed the New York franchise victory as having precedential importance in the country, especially in so far as it was a defeat for the phone company. With these grants, he said, other large cities would move ahead with franchise grants, regardless of phone company interest in lease-back arrangements and "delaying tactics."

**No Precedent** ■ Eric Nelson, associate general counsel of the New York Telephone Co., who presented the phone company's argument to the board of estimate, denied there was anything precedent-setting about the New York grants. He argued that New York City

has an unusual franchise case on the basis of the Empire Subway situation.

CATV Enterprises, principally owned by television producer Theodore Granik, expects to begin installing its Riverdale system within 90 days and will have its promotional plans and marketing effort outlined in a month.

Ira Kamen, executive vice president of CATV Enterprises, said the high population density of apartment dwellers in the area assigned to his company would enable it to make original installations at a cost of only \$80 per subscriber. In its most attractive area, he said, it will pass 1,000 potential customers per quarter-mile of ground cable.

The applications of other petitioners for New York franchises were referred by the board of estimate back to the city's franchise bureau. These were

RKO General Inc. (denied on the grounds of its ownership of a New York TV station, WOR-TV), Teleglobe Cosmotronics Corp., Cosmos Industries and Skiatron Electronics & Television Corp. Reasons given for denial of further applications were either lack of adequate financing or lack of qualified personnel.

However, the office of Deputy Mayor-City Administrator John Connorton, which had been asked by lame-duck Mayor Robert Wagner to expedite the franchise matter with new recommendations, suggested that other boroughs of the city be zoned for CATV operation and that other franchise applications be considered in the future. These would have to come into operation on the same terms as the initial antenna operators.

# A hard line or hands off?

## Argument over CATV regulation continues with AMST and NCTA as chief sparring partners

Proponents and opponents of proposals for strict new government regulation of the burgeoning community antenna television industry returned to the fray last week, swapping allegations, facts and opinions in the fourth round of comments in a proceeding that began last April.

The length of the grind appears to be taking its toll. Only 11 comments were filed (there was a blizzard of filings in previous rounds), and some of those merely restated arguments made before.

Last week's comments were filed with the Federal Communications Commission in reply to those filed in September in an inquiry seeking advice on future regulatory policy (BROADCASTING, Oct. 4). Previous rounds dealt with the commission's proposal to extend to non-microwave-served CATV's the same nonduplication and carriage requirements that were adopted in April for microwave-served systems.

Currently at issue, in addition to those requirements, are such questions as whether the commission should set limits to the distance a CATV can import a signal, prohibit program origination and pay-television operations by CATV's and establish technical standards for cable operations.

**AMST vs. NCTA** ■ As in the past, the Association of Maximum Service Telecasters took the lead in advocating

a hard-line approach to CATV regulation, while the National Community Television Association argued for a hands-off approach.

AMST, which represents some 160 stations, most of them in large markets, restated its position that the commission should ban the importation of distant signals by CATV's if it wants to prevent the "destruction" of the table of allocations and the impairment of free local television service.

AMST would permit CATV's to carry the signals of only those stations putting a grade B or better signal over the community. This goes further than some others, like ABC and Westinghouse Broadcasting Co., which would bar distant signals only from large, multi-station markets. Steinman Stations, in a separate filing, generally followed AMST's position.

The association, in warning against the conversion of CATV to pay-television operation, disputed the frequently voiced argument of CATV spokesmen that CATV systems are technically incompatible with pay-TV operations.

The association provided an engineering report by A.D. Ring & Associates which said that all three existing pay-television systems are compatible with CATV, and that the costs for conversion would not be "excessive." All that is needed, said AMST, is

an encoder at one end of the system and a decoder at the other.

(NCTA officials, however, said last week this argument misses the point. They said CATV operators who have considered pay television are not interested in any "existing" system, but rather in a two-way system, which would permit subscribers to order programs from the system's headquarters directly through their receivers. And present CATV's, they say, cannot be adapted to that kind of system without considerable expense.)

AMST and CATV forces continued their debate over the financial health of the television industry. CATV spokesmen have asserted that the proposals for strict regulation of CATV are made by television broadcasters who are seeking to protect "lush" profits.

**What's 'Lush'?** ■ AMST said profits aren't "lush," since 17% of the commercial television stations lost money in 1964. It also said that 30% either lost money or reported profits of \$50,000 or less and that 40% either lost money or reported pre-tax profits of \$100,000 or less. AMST described the financial picture of stations in one-station of two-station markets as particularly bleak.

NCTA, however, read the FCC-supplied figures another way. It said that broadcasters had a 1964 net income before federal taxes of \$415.6 million, on gross revenues of \$1.8 billion. It said more than 100 stations showed profits of more than \$1 million.

The question of CATV's impact on television stations is one of many issues NCTA says is unresolved and should be aired in an evidentiary hearing. NCTA said the commission should institute such a hearing to "test under oath" the various conflicting statements of broadcasters and CATV operators.

Triangle Publications Inc. also urged an evidentiary hearing. Triangle, with