

Common-carrier status for cable industry shunned by Foster

NCTA president tells security analysts that rate regulation specter would stifle growth

David H. Foster, president of the National Cable Television Association, told a gathering of security analysts in New York last week that common-carrier status for cable could "seriously frustrate" the industry's growth.

Reacting to a report that the Nixon administration's high-level committee on long-term cable policy is preparing to recommend such a course for cable (BROADCASTING, July 31) Mr. Foster said the total CATV operation "does not fit the common-carrier mold," although it "looks" like a common carrier in some ways.

The effect of forcing that status upon the industry, he said, would be worsened by "the inevitable connotation that follows common-carrier designation, namely that profits will be limited by some rate-of-return formula."

The administration committee is not planning to recommend anything that drastic, but Mr. Foster said it might well be an eventual result anyway. "No matter how vociferously it is denied that rate regulation necessarily follows common-carrier status," he said, "that always seems to be the result. When I think of the vast amounts of capital that must be raised for this industry in the next 10 years, I cannot help but be worried about the attitude of you gentlemen [security analysts] when someone decides that cable should be a common carrier, with all the images of an 8% return on investment which surround that phrase."

Mr. Foster touched on several other problems facing the industry, including copyright, sports blackouts and the current FCC logjam on certificates of compliance. However, he managed to strike an over-all note of optimism in the speech to the New York Society of Security Analysts.

He saw a number of positive signs for the industry, including availability of capital, subscriber loyalty and the rapid solution of technological problems.

"I have become totally convinced," he said, "that cable communications is an inevitably strong growth industry, profoundly involved with the public interest, capable of utilizing the best of our nation's technological resources, and made up of the most energetic group of hard-headed optimists I have ever met."

Sale in the sunshine state

Teleprompter Corp. has reached an agreement to acquire all shares of the TM Communications Co. of Florida, a wholly owned subsidiary of Times-Mirror Co.

TM operates 10 cable systems and

holds franchises for 27 municipalities and counties in Florida. Teleprompter currently operates 30 systems in Florida and would become the largest cable operator in the state under this agreement.

The transaction would add to Teleprompter's already secure status as the nation's largest multiple system owner, bringing its subscriber total close to the 700,000 mark.

Theater operators prefer hotel TV to pay cable

The National Association of Theater owners last week moved to block a planned pay-cable operation by Sterling Manhattan Cable TV, one of New York's two franchised cable systems. On another front, the association opposed a Sterling complaint against New York Telephone Co.'s connection service to Trans-World Communications, operator of a pay-cable system serving five New York hotels.

NATO made its pleadings in two briefs it filed with the FCC. In one, it asked the commission to deny Sterling's pending application to build three community antenna relay (CARS) facilities which, NATO says, Sterling would use to provide interconnection for feature films it plans to offer on a fee basis to its subscribers.

In the other filing, NATO told the commission it would be "premature" to act on the issues raised in Sterling's complaint regarding the Trans-World system while a "broader policy question" still

remains at issue. That question, it indicated, is whether pay-cable operations such as the one Sterling proposes should be permitted at all.

NATO's contention is that the commission has not given it the opportunity to argue that pay cable would constitute unfair competition to theater owners because that medium would use revenues derived from traditional CATV service to "siphon" material and audiences from movie houses.

The association's purpose in objecting to the Sterling complaint, a NATO spokesman said, was not to "condone" hotel operations such as Trans-World's. While NATO feels that competition from such systems would be more "equitable" than that from pay cable, he said, the association takes the position that the FCC should not assume jurisdiction over hotel systems any more than it should over pay cable. Such jurisdiction, he claimed, could only be assigned to the commission by Congress.

Cable Briefs

Free and available. Sterling Manhattan Cable, New York, will open a free video workshop in Greenwich Village for anyone who wants to use cable TV. Sterling will provide and maintain equipment and tape; New York's Alternate Media Center will staff and manage the facility with the help of a grant from the Fund for the City of New York.

Modest prediction. Cable won't reach

DELTA ELECTRONICS IS MOVING

*Evil Agnes did us in
so we have relocated to
a higher, drier quarters*

*After August 21, 1972
our address will be...*



5534 Port Royal Road
Springfield, Virginia 22151
Telephone: 703/321-9845
TWX: 710-831-0620