Burch says FCC doesn't want to regulate cable by itself

Chairman clarifies commission's position to officials from U.S. cities

Franchise forum. In the left panel, FCC Chairman Dean Burch (l) is pictured next to Roman Gribbs, mayor of Detroit. In the right panel are Morris Tarshis (l), New York City director of franchises, and New York Mayor John Lindsay.

The FCC is not interested in crowding cities and states out of all responsibility for regulating cable television. But on the other hand, cities and states should not look to Congress for legislation that would guarantee them a role.

FCC Chairman Dean Burch expressed those views last week in New York, during the opening session of a two-day seminar on cable television sponsored by the National League of Cities and the United States Conference of Mayors Congress.

Washington cannot do the entire regulatory job, he said, adding that the commission lacks the staff and the knowledge of local circumstances. Cable television, he said, could be effectively regulated by "a working partnership" among the FCC, state governments and municipalities."

In response to a question, Chairman Burch said Congress was not likely to adopt legislation that would prevent the commission from assuming jurisdiction over all areas of cable regulation. He said the feeling in Congress, if anything, would favor FCC preemption of the field. He also said Congress is likely to steer clear of the cable-TV thicket, since "most congressmen have friends in the cable-TV industry and among over-the-air broadcasters."

One legislative area involving cable where he expressed the hope Congress would act soon, however, is cable copyright. "I simply cannot emphasize too strongly my personal conviction that the entire cable industry rests on shaky foundations so long as the gut issue of its copyright liability remains in limbo," he said.

In another effort to ease the fears of cities and states concerned about being preempted by the commission, Chairman Burch announced that the commission, in considering further its rules that bear on federal/state-local relationships, will not rely solely on the reports now being prepared by the government-industry committee advising the commission on those relationships.

"We contemplate some form of open hearing this spring before the full commission—and only then will we consider any changes, minor or major, in the cable rules" involved, he said.

Earlier in the session, Mayor John Lindsay of New York declared that "the cities have a pre-emptive right to regulate and control their streets and what goes under these streets." He called cable television "an urban oil well," and added: "You can be sure that state and federal authorities are eager to take control of this commodity away from the cities."

Roman Gribbs, the mayor of Detroit and president of the National League of Cities, also called for "maximum local control" of cable-TV systems and said that there should be "no limit" as to what cities should be able to charge cable companies for franchise rights. Current FCC rules limit franchise fees to 5% of revenue.

The two-day program involving mayors, city councilmen and other municipal officials from around the country featured seminars dealing with all phases of cable-TV operation. At the conclusion of the conference, the officials issued a statement endorsing a recommendation that franchise fees be established first on the basis of a percentage of anticipated gross subscriber revenues. The statement also said that, additionally, once the cable system is in operation, the fees be based on advertising revenues, anticipated pay-TV earnings, and on money received by cable owners for the leasing of channels to other entrepreneurs. The officials also agreed to work together with their respective states to limit the federal role in cable-TV regulation.

Viacom to lend a hand on Utah cable system

Unusual three-company pact set up to expand 100-subscriber operation

In a particularly complicated three-party transaction, Viacom International Inc., New York, which through its Viacom Communications division is said to be the fourth largest operator of cable-TV systems, has agreed to manage the development and expansion of an existing cable-TV system in Salt Lake City that currently has fewer than 100 subscribers. Other parties to the unusual agreement, announced last week, are Globe Inc., parent of Western TV Cable Corp., which currently operates the cable-TV system in Salt Lake, and Cadco of Utah, a private investment and development group based in Salt Lake.

Under conditions of the agreement, Globe and Cadco have formed a general partnership and plan, in turn, to organize a limited partnership to finance the expansion of the Salt Lake cable system. Initially, Viacom will be paid to manage the system, being responsible for its expanded construction, as well as operation. Equity and debt financing is to be arranged by the limited partnership established by Globe and Cadco, with Viacom not investing but having, through its board of directors, the right to approve financing arrangements. Indications are that implementation of the agreement will start when appropriate financing is completed and approved by the Viacom board.

Also, under terms of the agreement, Viacom has the option to purchase the Salt Lake system during either the fifth or sixth year of operation, but if the company doesn't choose to exercise this option, the Globe-Cadco partnership can, in effect, force Viacom to make the purchase in the seventh year of operation. Viacom's option to buy is to be based on a formula contingent on the number of subscribers the system then serves.

Pay cable says it will pay in Pennsylvania

Home Box Office-commissioned study finds ready viewer acceptance for at-home film and sports viewing

Preliminary results of a survey commissioned by Home Box Office Inc., New York, among pay-cable-TV subscribers in Wilkes Barre, Pa., indicates there is a satisfactory market for feature-film and live sports events programing on a pay basis.

The study was conducted by Lieberman Research Inc. among 150 subscribers, 150 former subscribers and 150 nonsubscribers of Home Box Office programing carried on the Wilkes Barre CATV system owned by Service Electric TV Inc., Mahony City, Pa. The system has been carrying feature films and sports attractions, including college and professional basketball and hockey, supplied by Home Box Office, since last November. Home Box Office is a cable programing firm, which is a subsidiary of Sterling Communications, New York. Its president is Charles F. Dolan.

Among Home Box Office program subscribers, the study shows, 79% said they preferred to watch films at home rather than at a theater. Among former subscribers, 76% said they preferred to view at home, and among nonsubscribers, the figure was 59%. A substantial part in each category had no preference.

The study also found that sports interest was heavy for males and that viewers expressed "a strong interest" in live