

## City-owned CATV in Frankfort gets in its licks

**Community Service dodges issue of municipal ownership in telling FCC and NCTA that private competitor cable service was deteriorating**

The operator of a city-owned cable system in Frankfort, Ky., has condemned the National Cable Television Association for interceding on behalf of a rival commercial system in a dispute between the two operations. Community Service Inc., in a brief filed at the FCC last week, claimed that the controversy is a local, private affair in which the commission and NCTA should not become involved.

And, in a separate pleading, Community Service also asked the commission to dismiss a petition for special relief filed by its privately owned competitor, Consolidated TV Cable Service Inc., which alleged that the city system enjoys an unfair competitive advantage.

The Community Service brief responding to NCTA's comments in support of the Consolidated petition (BROADCASTING, Feb. 5) included a copy of a letter sent Feb. 2 to NCTA President David Foster by Ben B. Fowler, president of Community. He denied the cable association's charges that Community was attempting to drive the private firm out of business, claiming that Frankfort city officials had received numerous complaints about the "poor quality" of Consolidated's service. If the city wanted to force Consolidated out, Mr. Fowler said, it could have done so simply by revoking the firm's authorization to use city utility poles free of charge.

Mr. Fowler's letter noted that the Frankfort case has received extensive publicity in the trade press, and that it has been represented as a possible test case relating to the coexistence of public and private cable systems in the same community. "Our organization is not interested in exemplifying the advantages of municipal ownership over private ownership," Mr. Fowler said, adding his belief that the less publicity the Frankfort situation receives "the better from the standpoint of the private operator." NCTA's decision to take sides in the matter, he continued, "only serves to open up the specter of increased government regulation, including rate regulation."

Consolidated has charged that the Community system entered into competition by expanding the municipal service into an area previously served only by Consolidated. Consolidated has also complained that it has recently been assessed a rental fee for telephone-pole attachments (it still uses city-owned utility poles free of charge) by the local phone company while the Community system continues to use those poles without charge.

In response to those accusations, Community last week claimed that Consolidated has "over an extended period permitted the deterioration of service" in the

area in which the two systems now compete. It claimed Consolidated has increased its subscriber rates in that area to \$3.50 per month, while residents of other areas covered by either Community or Consolidated continue to pay \$2.50. Community's decision to expand into the new area, the firm said, was inspired solely by those rate increases and subscriber complaints about Consolidated's service. Regarding the private firm's complaint over the telephone-pole attachments, Community said that it is not assessed a fee for its use of those facilities because of a reciprocal pole-sharing arrangement between the phone company and the Frankfort Plant Board, which has jurisdiction over municipal utility poles. Consolidated, the public firm said, "only wants everything free, whereas it now has most everything free."

## Time Inc. acquires most of Home Box Office

Stockholders of Sterling Communications Inc. were advised last Wednesday (Feb. 28) at the company's annual meeting in New York that it plans to distribute its shares in a new pay-TV subsidiary, Home Box Office Inc., to Sterling shareholders.

The proposed spin-off would occur after direct investment by Time Inc. of \$2 million in Home Box Office in exchange for equity and Time Inc.'s conversion under a previous obligation of \$6.4 million in Sterling notes into additional equity in Sterling.

These actions, it was said, would increase Time Inc.'s ownership of Sterling stock to 66.4% and its ownership in Home Box Office, directly and through Sterling, to more than 75%. Terms and conditions of the spin-off were not disclosed.

Barry Zorthian, chairman of Sterling and former head of Time-Life Broadcast (since sold off), told stockholders that conditions and terms of the conversion of Time Inc.'s loans to Sterling equity are under discussion. He said Home Box Office now has more than 4,000 pay-TV subscribers in Wilkes-Barre, Allentown and Bethlehem, all Pennsylvania (BROADCASTING, Feb. 26).

Home Box Office supplies feature films and live sports programming to cable-TV systems and other facilities for showing on a pay basis. It does not itself own cable systems.

**NCTA disconnects.** The National Cable Television Association has taken a second look at the theme selected for its 22d annual convention and decided to make a change. The convention committee, apparently deciding not to disregard the drug-culture connotation of the previously announced theme (*Broadcasting*, Feb. 5), has selected "The Choice Medium" as a more appropriate convention theme than "Cable—The American Connection." The convention is scheduled for June 17-20 in Anaheim, Calif.

## Comsat looks both ways

**Satellite operator splits organization into domestic and international arms**

In a series of organizational moves designed to consolidate its domestic and international activities under separate systems, the Communications Satellite Corp., Washington, has formed a new domestic subsidiary, a new international system division and announced a number of executive reassignments. The new subsidiary, Comsat General Corp., has responsibility for all of the corporation's domestic-satellite programs and any other new business ventures. Among these domestic satellite assignments, Comsat is to provide satellite capacity to AT&T and also is to participate with Lockheed Aircraft Corp. and MCI Communications Inc. in CML Satellite Corp., a separate corporation, to develop a multipurpose domestic-satellite system.

An FCC order of last year spelled out Comsat's roles in the domestic communications-satellite business, authorizing domestic-satellite capacity to AT&T and the participation in the CML joint venture. The commission also specified that a Comsat subsidiary be formed to handle these domestic projects (BROADCASTING, Jan. 1).

Under the new international system division that has been formed, Comsat is to consolidate all of its activities related to the International Telecommunications Satellite Consortium global satellite system. Comsat is the manager for the system and also the U.S. participant in it. These functions, as well as provision of services through the global system and the U.S. earth stations, are the activities now to be consolidated in the new international system division.

John A. Johnson, Comsat vice president, who has been elected a senior vice president, also has been elected president of Comsat General Corp., the new domestic subsidiary. Joseph H. O'Connor, Comsat assistant vice president-financial and economic analyses, has been elected vice president and treasurer of the subsidiary. John L. Martin Jr., Comsat assistant vice president-domestic and aeronautical systems, has been elected vice president of Comsat General. Jerome W. Breslow, an assistant secretary of Comsat, has been elected to the additional office of secretary of the new subsidiary.

In other actions, George P. Sampson, Comsat vice president, has been elected senior vice president in charge of the international system division, and David C. Acheson, also a vice president, was elected senior vice president and general counsel of Comsat. Also, Burton I. Edelson has been elected a Comsat assistant vice president and named acting director of Comsat Laboratories.

All of these executive reassignments were said by Dr. Joseph V. Charyk, president of Comsat, to be in support of the organizational changes. "We feel that it is