program material distributed by that medium has its origin at broadcast stations. Addressing those interests that in the past have alleged that pay cable intends to "kill off" the broadcast industry, Mr. Foster asked: "How suicidal does anyone think we are?"

The purportedly fabricated issues upon which the cable-broadcast conflict is based, Mr. Foster lamented, "totally misrepresent the status of the pay cable experiment in this nation."

The NCTA president, however, did not suggest that the cable industry is prepared to extend a peace offer to its adversaries —at least before the other side abandons its tactics. At present, Mr. Foster maintained, "the whole antipay campaign is an attempt to use a sensitive political issue to stop the growth and vitality of the entire CATV industry."

Pay television reaches 12% penetration on cable systems where it's offered

NCTA surveys subscription services that are scattered over 10 states

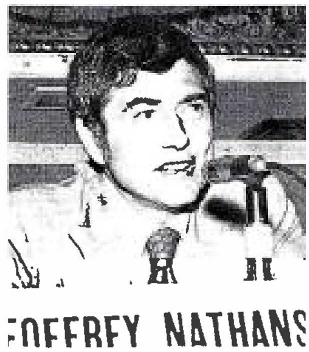
Pay television is now offered on 46 cable systems and has been bought by 60,000 customers, about 12% of the 500,000 conventional subscribers that the systems serve. The figures were reported last week by Donald Witheridge, NCTA director of subscription cablecasting ("Closed Circuit," April 22).

Pay service is now being offered in 10 states—Pennsylvania, New York, California, Florida, Georgia, Massachusetts, New Jersey, Oregon, Virginia and Arkansas. Pennsylvania has the greatest concentration of systems (20), followed by New York (nine) and California (five). The survey indicates there is virtually no limit to the size of the conventional system on which a pay service may be offered. The largest number of pay systems (14) are carried on cable operations with between 1,000 and 5,000 conventional subscribers. Eleven pay services are found on systems with 5,000-10,000 subscribers; 12 are on systems of between 10,000 and 20,000 subscribers; two between 20,000 and 30,000, three between 30,000 and 40,000 and one on a system with over 90,000 subscribers (Cox Cable's San Diego system).

The study found that all but one of the present pay systems (at least one

Gridtronics. "We started out thinking we were going to shoot for the moon," Warner Cable Chairman Alfred Stern says of his firm's Gridtronics pay service, now carried on an experimental basis on 10 Warner-owned systems; "Then some problems began developing." The major one involved Warner's initial decision to provide a month's free service, which Mr. Stern regards in retrospect—as "a big mistake—a number of them didn't like it." Presently, Gridtronics is serving 15% of the 81,000 conventional subscribers on the 10 Warner systems. Pay customers are billed separately for the pay service on a monthly basis. Two films are offered each week and are run three or four times daily. A "big, fundamental problem," Mr. Stern said, lies in the fact that while the major Hollywood producers are targeting for an audience 19-25 years of age, Warner's "rural" customers are 25 years or older. Although he views a per-program fee arrangement as desirable, Mr. Stern said Gridtronics' present hardware makes monthly charges mandatory. As far as the experiment is concerned: "We've learned all that we can learn."

Via Code. Viacom International Chairman Ralph Baruch views the experimental Via Code pay service—of which his firm acquired 100% control three weeks ago (*Broadcasting*, April 15)—as "an extension of the motion picture theater." Indeed, the service, now operating on Viacom's Smithtown, N.Y., system, is the only such operation making a per-program charge $3 for movies, $1-$2 for other programing). The pay system reaches 30% of the Smithtown system's 2,000 conventional cable subscribers. In addition to the program charges, subscribers pay a $1.50 monthly service charge and receive the converter (manufactured by K'Son Corp.) free. Four channels are offered—one previewing attractions, two showing films from 10 a.m. to signoff, and one programing educational material from 10 a.m. to 4 p.m., and movies thereafter. Recent titles include "Nicholas and Alexandra," "Blume in Love" and "The Poseidon Adventure." Acceptance of the film offerings varies between 15% and 65% of the total pay customers. Via Code offered the recent Ali-Norton fight live for an $8.50 fee; 24% of the subscribers bought it. Mr. Baruch reports conventional subscriptions up 3-5% since the pay service was established.



Channel 100. Pay cable is "alive and well" in San Diego, boasts Optical Systems Corp. President Geoffrey Nathanson, who should know. The company, which claims a total 25,000 pay subscribers (40% of the entire business), will soon sign on its 10,000th there. Optical, which leases channels from conventional cable operators, does everything but maintain the cable plant. Consumers pay $6.50 a month for Optical's "Channel 100" service plus a $1.50 monthly service charge. For this, they receive about 15 films each month, five of which are repeat performances from earlier showings. A customer is not signed on until he relinquishes $33 (including a refundable $25 deposit). The company, Mr. Nathanson said, experiences a delinquency factor of only .05%. Optical presently uses a single channel, but will be adding a second this fall. Although it will not lease facilities in the smaller towns which "are not economically viable in our opinion," Mr. Nathanson said, Optical has begun to license Channel 100 to operators of small cable systems.

HBO. "We are a pay cable network," says Home Box Office President Gerald Levin of his firm's product. HBO supplies programing, but no hardware. A $6-$7 fee is charged pay customers. It is presently on 22 cable systems and has a total of 17,500 pay subscribers. Levels of penetration identified by Mr. Levin range from 30% in Wilkes-Barre, Pa.—which became the first HBO affiliate in November 1972—to 75%-80% in three unnamed urban markets. Seven or eight movies are offered each month; some are repeated later. A total of 175 events was transmitted from New York's Madison Square Garden last year, including regular Monday night boxing. It also carried all games of the ABA's New York Nets not telecast over the air. This summer, it will carry the pro bowlers' tour. In addition, HBO announced last week that it has acquired home game rights to the New York Stars and the Philadelphia Bells of the new World Football League. Two weeks ago, it began carrying those games of the New York Yankees not telecast by WPIX-TV New York (which is providing HBO with coverage facilities). Mr. Levin noted that three of every four HBO customers are new cable subscribers.