

Cablecasting

Mr. Levin's giant step for pay TV

Home Box Office's commitment to satellite pay TV networking electrifies NCTA convention; ATC joins UA-Columbia in committing to build earth stations; early-on predictions suggest million homes subscribing to pay in two years

Pay television may have taken a quantum leap forward last week.

The promise that has lured program prospectors for at least two decades—many of them to their fiscal doom—at last began to look real. The sequence was swift and simple:

- Home Box Office, the Time Inc. pay cable subsidiary, announced it would begin a satellite network this fall (BROADCASTING, April 14).

- UA-Columbia Cablevision announced it would order earth stations to pick up HBO signals for its cable systems in Fort Pierce and Vero Beach, Fla.; Fort Smith, Ark.; Laredo, Tex.; Yuma, Ariz.; El Centro, Calif., and Pasco and Kennewick, Wash.

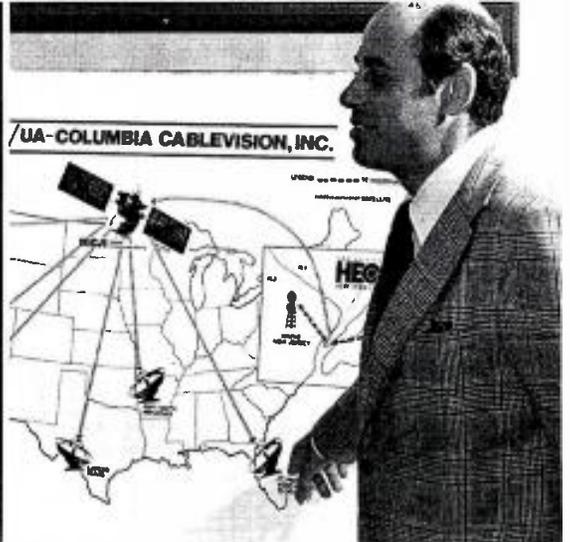
- American Television and Communications announced it would position an earth station in Orlando to bring HBO signals to 250,000 cable homes there and — by microwave network — in other Florida cities.

- And the Cinderella magic of cable television began to work all over again. In New Orleans, at the 24th annual convention of the National Cable Television Association, one could detect both a gleam in the eye and a straightening of the posture of cable operators. An industry chastened by a two-year diet of humble pie began to act like a winner again.

- Wall Street, which has been sitting on its hands for almost two years regarding cable issues, suddenly came to life. Time Inc. stock was up 22%, UA-Columbia's up 28% and ATC up 16% in the first rush.

- By week's end, at least one industry consensus was that there would be a million TV homes subscribing to pay cable in two years. A common assumption was that each would generate at least \$100 in revenues for pay service alone—by easy mathematics, \$100 million a year.

In New Orleans last week, that looked like only the beginning.



Idea whose time has come. The best news cable television has heard in two years was delivered to the NCTA convention last week by Gerald M. Levin (l), president of Home Box Office, and Robert M. Rosencrans, president of UA-Columbia Cablevision. HBO will extend its present pay cable service from the Northeast to nationwide via satellite this fall. UA-Columbia has signed on as the charter subscriber, and agreed to buy earth stations to serve seven of its systems. Mr. Rosencrans is pointing to Fort Pierce, Fla., where the first earth station is targeted for operation Oct. 1.

Future seen now in satellite networking as HBO, UA-Columbia pact first affiliation

The key was to find one cable operator willing to invest in one earth station. Home Box Office was ready to take it from there: to commit \$7.5 million in transponder time over five years on a domestic satellite; to offer 70 hours a week of pay cable programming; to "bite the bullet on the chicken and egg question" of who would be the first to create a satellite connected fourth television network.

Gerald Levin, president of HBO, found his man in Robert Rosencrans of UA-Columbia Cablevision, and history was made. As both described it last week, everything fell into place neatly after that. RCA was contracted to supply transponder time on the bird it will put up next December (and, before that, on either Canada's Anik or Western Union's Westar satellites). The earth station decision has not been made, although the front runner is clearly Scientific-Atlanta, which produced the prototype demonstrated by Teleprompter at the Anaheim, Calif., NCTA convention two years ago. And within days of the initial announcement, a second major cable operator had contracted for the service: American Television and Communications. Messrs.

Levin, Rosencrans and ATC's Monty Rifkin were off and flying.

Home Box Office began testing what it hoped would grow to a national network with a single system in Wilkes-Barre, Pa. in November 1972. Last week it was to connect—on other people's systems—it: 100,000th pay cable subscriber.

Mr. Levin and company have not gone out of the microwave interconnector field, either. HBO also announced last week the contracting of pay cable service to CPI's Telesystems in Philadelphia for a June 1 start, to People's Cable in Rochester, N.Y., and to International Cable in Buffalo, N.Y. It has, however, sidestepped two other stages that might have been taken: national cassette distribution by conventional carriers and regional studio servicing microwave networks.

The satellite networks—one transponder for the two Eastern time zones, the second transponder for the two Western zones—will operate as follows (all time: EST).

No. 1: 5:30 p.m. to 1:30 a.m. Monday through Friday and 1:30 p.m. to 1:30 a.m. Saturday and Sunday.

No. 2: 8:30 p.m. to 4:30 a.m. Monday through Friday and 4:30 p.m. to