

mounted on a hotel or apartment rooftop or cable headend.

MDS is "just another carrier," said John Barrington of Home Box Office Inc. It fits in with phone lines, satellites and the community antenna relay service. The real significance of MDS, said Mr. Barrington, is that it can feed programming to large cities without the extensive cost of underground cabling and presents a "clever way to inch into a cable franchise" by starting a pay service and later building out to include a total cable system.

Other cable operators are not so sure. Some see MDS with the potential of skimming the cream away from cable in major markets. If pay movies are the real selling point for cable operations in the large cities, these operators suggested, once MDS keeps a program supplier to penetrate such a market there will be no audience left for a potential cable operator.

Mark Foster, president of Microband National Systems Inc., doesn't see MDS as a competitor to pay cable. The "main thrust of MDS is in areas where there is likely to be no cable," he suggested. MDS is instead a "complement" to extend pay TV operations into the large markets that have been too expensive to wire, explained Mr. Foster. Additionally, MDS is useful outside the large cities where it might provide interconnection between multiple numbers of headends, Mr. Foster pointed out. In short, MDS can make pay television work in cities that were not viable before, concluded Mr. Foster.

Chicago, which is the only major U.S. city that bans cable television, could be a case in point. William P. Rosensohn, president of Video Entertainment Inc., has announced plans to begin broadcasting, via MDS, the Channel Xtra pay movie format to high-density apartments, condominiums and hotels. Premiere service is scheduled for later this month at a "fully rented" 1,150-unit apartment complex. "Our nondependence on the cable will make Channel Xtra more economical to operate," Mr. Rosensohn announced, noting the Chicago monthly subscriber fee will be \$10.

Marsh Carpenter, director of business development at American Cable TV, Phoenix, said his company plans to initiate pay TV service in the fourth quarter of this year with Microband National's product distributed via MDS to Central Arizona cable systems. American Cable, explained Mr. Carpenter, believes that MDS is a means to provide quality programming from a central point to various headends and reach "aggregate households" that are not connected to cable.

Among cable outfits that are using MDS distribution are Theta Cable of California, which has a joint venture with Microband Corp. to carry its pay channel "Z" into noncabled areas (BROADCASTING, July 7), and Cox Cable which just announced plans to enter 12 cities with its own pay service distributed by Microband (BROADCASTING, Aug. 4). Home Box Office Inc. relies on MDS to distribute its programming in the Philadelphia and neighboring New

Jersey, Delaware and Maryland areas. (BROADCASTING, July 14).

There are currently 14 licensed MDS stations with 60 more under construction and approximately 460 applications still pending. Many of those applications are mutually exclusive as there are only two available MDS channels in the top-50 markets.

Microband Corp. has the largest number of markets at present with licenses for Milwaukee, Washington, New York, St. Louis, Miami, Pittsburgh and Minneapolis. Construction permits have been issued and applications are on file for joint ventures with other companies in Indianapolis; Norfolk, Va.; Denver; Seattle; Portland, Ore.; Hartford, Conn.; Atlanta; Phoenix; Cleveland, and Dayton and Akron, Ohio.

Micro-TV Inc. operates an MDS station in the Philadelphia area. Multi-Point Communications will provide service to Video Entertainment in Chicago; Taft Broadcasting has licenses for Houston, Dallas and Fort Worth; Tekkom Corp. has an MDS facility in Las Vegas, and Chicago Communications Service operates a video-only MDS service at Urbana, Ill.

---

## Smaller Cox systems to use HBO for pay

**Harris says limited size makes outside programming more feasible**

Cox Cable Communications has announced plans to affiliate eight of its cable TV systems with Home Box Office Inc.'s pay-TV network. The move is a departure from Cox's established practice of providing its own pay-cable package rather than relying on an outside program supplier.

According to Cox Cable President Henry Harris, the decision to go with HBO in the eight cases made sense because of location and size. Six of the eight—Burlington and Rutland, both Vermont; North Adams, Mass.; Hartford, Conn., and Lewistown and Lock Haven, both Pennsylvania—will receive HBO programming via microwave routes already set up to serve the Northeast, thus resulting in a savings over the costs for a Cox-initiated pay service. The other two systems concerned—Saginaw, Mich., and Lubbock, Tex.—involve under 12,000 subscribers. Assuming "equal sales" between marketing the Cox pay service or the HBO package, said Mr. Harris, it is more profitable to utilize an outside programming package.

The New England systems involved in the HBO arrangement are expected to begin providing subscription TV this fall, while the Pennsylvania systems will start next spring. Also next spring, the Saginaw and Lubbock systems are to begin HBO service, which will be sent via HBO's satellite network to an earth station located at the two sites.

Cox's pay programming format is entirely movies, unlike HBO's mixed movie-

sports and special events package. Cox now has pay cable operations on its systems in San Diego and Santa Barbara, Calif., and Davenport, Bettendorf, Moline, East Moline and Silvis; all Iowa.

The eight Cox cable systems that will be receiving HBO programming account for approximately 64,500 subscribers total. HBO currently reaches about 150,000 subscribers.

---

## Cigarette ban comes back to haunt border cable systems

**SI accuses Western systems of carrying illegal cigarette ads by retransmission of over-border signals; problem arises from SI's opposition to cable applications**

Cable television systems throughout large areas of the West are said to be violating federal law daily, and the FCC last week was called on to take immediate corrective action. The alleged violation: retransmission of signals of Mexican television stations that carry cigarette advertising.

Spanish International Communications Corp., licensee of three Spanish language UHF stations in California and Texas and owner of a company with a construction permit for a UHF in Corpus Christi, Tex., made the charge and requested the action in a letter to FCC General Counsel Ashton Hardy.

Spanish International says the 1969 law banning cigarette advertising on broadcast stations applies to any medium of electronic communication subject to FCC jurisdiction, including cable systems. Yet, it says, "many U.S. cable television systems—however unwittingly are carrying cigarette commercials in contravention of federal statute" in relaying signals from Mexican stations which are free to carry cigarette commercials.

Accordingly Spanish International says the commission should issue an inquiry to determine which cable systems are carrying cigarette advertising on the Mexican signals they import, and then issue an order banning the carriage of such advertising "pending a hearing to determine whether the carriage of such signals violates federal law."

The letter to the FCC general counsel is an outgrowth of Spanish International's opposition to the applications by three cable systems in the California area and three in the Corpus Christi area for certificates of compliance. Spanish International claimed the systems would import Mexican signals carrying program material that federal law denies to U.S. stations, including cigarette advertising.

However, five of the systems have now received their certificates. One, in the Corpus Christi area, is still awaiting commission action on its application. The com-