has purchased three West Texas cable systems from group owner Commco Inc., based in Austin. Systems serve Seminole, Seagraves and Van Horn, which account for close to 2,500 subscribers. Also, Mr. Harris recently bought cable system in Fort Stockton, Tex., that serves approximately 1,100 subscribers. Purchase price was undisclosed. Financing was arranged by Firstmark Financial, Daniels and Associates, and Harmon and Co.

Cable start contested. KAKE-TV and Radio Inc., licensee of KAKE-TV Wichita, Kan., is appealing in D.C. Appeals Court FCC's decision allowing Aircapital Cablevision Inc. to begin CATV service in Wichita. KAKE-TV contended Aircapital's franchise was not in compliance with FCC rules and its authority to carry KARD-TV Wichita was prohibited by crossownership rules since 35% of Aircapital's stock is held by KARD-TV licensee. Commission said franchise issued to Aircapital on Feb. 4, 1969, was valid. Since FCC recently suspended divestiture date for cable-broadcast crossownerships, suspension was also applicable to Aircapital's case, commission ruled.

Optical Systems is changing its distribution tactics

Pay-cable programer is trying out 'affiliates' for its services instead of leased-channel deals; microwave link-ups are being used

Optical Systems Inc., a pay-cable program supplier, is moving toward the affiliate business and away from its leased-channel operations.

The change is permitting Optical to say yes to customers it had to turn down in the past because the overhead involved in leased-channel operations did not justify a same cable systems' revenue potential. Where cable systems have an existing office structure and can avoid a high overhead for administering pay operations, then it pays to go the affiliate route, says Alan Greenstadt, Optical president.

In other cases, where the systems are located near Optical offices and plan to use converters in the home set for multichannel use, then leased arrangements may be more appealing. That way, the cable operator can forego the expense of installing converters—which is paid by the channel leasor—and at the same time gain multichannel capacity for adding new programing, said Mr. Greenstadt.

Optical currently has two pay operations in California—one based in the San Diego area and the other in the San Francisco Bay area. Half the systems use pay on a leased-channel basis, the other half on an affiliate basis. In southern California microwave feeds from El Cajon will bring pay to Coronado Island by the middle of next month on an affiliate basis. Mr. Greenstadt contemplates further pay cable growth in the beach communities in southern California, moving as far east as Palm Desert and as far north as San Bernardino. At present, Optical serves some 27,000 pay subscribers in southern California on a leased-channel basis at $8.95 per subscriber.

In northern California, Televents Inc.'s cable systems at Castro Valley, Orinda, Pleasant Hill and Martinez are Optical affiliates, receiving feeds from Concord, one microwave hop away in most cases. Systems at Concord, Carmel, Monterey, Seaside, Stockton and Walnut Creek use Optical on a leased-channel basis.

Optical plans to create a microwave-interconnected affiliate network in Texas stemming from its San Angelo operation.

On the subject of satellites, Mr. Greenstadt doesn't see "cost effectiveness" yet for Optical. Microwave networks allow Optical the versatility of programing separately for different regions, he says.

Acceptance. Preliminary figures show that nearly 6,000 of approximately 20,000 subscribers on UA-Columbia's cable systems at Fort Pierce-Vero Beach, Fla., have signed up for the Home Box Office pay programing package that is being brought in via satellite. At UA's system in Jackson, Miss., 2,250 subscribers—nearly 40% of the system—have signed on for the HBO offerings. And there were still several days to go in Florida and a week in Mississippi on a free trial period for the package. Fort Pierce-Vero Beach customers pay $8 monthly extra for HBO; Jackson subscribers get $6.95 tacked onto their regular monthly cable bill. At UA's Fort Smith, Ark., system, where the HBO service does not start until the middle of next month, 233 subscribers are signed up for pay programing.

Cable seen to get shot in arm from pay in upcoming decade

Cleveland research firm's study also sees sharp increase in money to be spent for software

The cable television industry will post revenues of $5.3 billion by 1985, with pay-cable revenues having the fastest growth, according to a study by Predicasts Inc., Cleveland-based research firm.

The analysis, an update of a study done three years ago, suggests that over 40% of the U.S. television homes will have access to cable by 1985 as compared with 24% in 1974. Nearly 75% of the potential cable homes will be hooked by 1985, accounting for 27 million subscribers, the study notes. However, high costs for money, labor and materials will limit the growth of new cable systems and will cause operators to focus on increasing subscription rates in the present markets and to seek saturation levels for existing systems.

Pay cable will grow the fastest—58% per year—approaching $1.2 billion in 1985 (up from $8 million in 1974). Pay subscribers, who now number approximately 300,000 are expected to total 8.3 million by 1985, the study reports.

While the cable industry spent "little" for programs during the 1960's, the study notes, the advent of pay cable will increase significantly the money spent on software. Close to $1.2 billion is expected to be spend on talent, copyrights, film and tape rentals and viewing rights to sports and other special events by 1985, says the report.

Hardware equipment purchases, which totalled about $143 million in 1974 with cable trunk line accounting for more than half, are forecast as reaching $630 million by 1985. Two-way terminals will be the fastest growing equipment market by the mid-1980's, suggests the study.

The 64-page report is being offered for $450 by Predicasts Inc.

Robinson is afraid that the FCC could compound cable's problems

Commissioner expresses concerns at New York cable convention

FCC Commissioner Glen O. Robinson has stated his dissatisfaction with the commission's basic cable policies, saying that its rules are geared to addressing specific issues and not the question of what jurisdiction the FCC has over cable television.

He went on to warn a New York State Cable Television Association audience that such "regulatory creep" could lead to far more FCC regulation of the cable industry than cable operators might imagine. Mr. Robinson said that he was unhappy with cable's record on minority employment, but cautioned that if the FCC is able to assert jurisdiction in that area under its general obligation to "serve the public interest," then what about programing, community ascertainment and all the rest? As another example, Mr. Robinson pointed to the pole-attachment issue over which the cable industry had hoped the FCC would assume jurisdiction. "The same sword that can cut pole-line rates," cautioned the commissioner, "can also be used to cut cable's rate."

The certification process, Mr. Robinson went on, is "simply the first step towards an open assertion of licensing jurisdiction over cable" similar to that for broadcasters. What was once an authority over cable designed to protect local broadcast service, said Commissioner Robinson, is giving way to a regulatory set-up patterned after the broadcast service. The trend towards more expansive cable jurisdiction, said Mr. Robinson, is not a deliberate move by the FCC, but rather the result