

current degree of foreign ownership in cable, Time noted that foreign interests are actively seeking investment opportunities at this time. Time acknowledged that it has received inquiries from foreign investors. The commission has the authority to adopt alien ownership restrictions and should do so, Time maintained.

## Intertie asks help

Intertie Inc., Irvine, Calif.-based multiple system operator with 21 cable TV systems and 37,000 subscribers in 13 states, has filed for a Chapter XI proceeding under federal Bankruptcy Act. Intertie is asking the U.S. Central District Court for California for time to pay off its debts while it reorganizes its assets. If the court does not accept the plan, Intertie expects to file a Chapter X bankruptcy petition.

Last summer, Intertie's board of directors voted out the management team of H.D. Thoreau, president, and Jack Glassford, chairman. Officers are now "debtors in possession" and include Stephen W. Murphy, chairman, and Jeffrey Vail, president.

## HBO's via-satellite pay package hits one-third penetration

### Four systems with service under way report favorable subscriber interest

After almost a month of operation on four cable systems, Home Box Office's satellite-interconnected pay-TV network has achieved a penetration rate of nearly one-third.

HBO's service began Sept. 30 on UA-Columbia's Fort Pierce-Vero Beach, Fla., system and on American Television & Communications' Jackson, Miss., system; Nov. 15 on UA-Columbia's Tulsa, Okla., system, and Nov. 17 on UA-Columbia's Fort Smith, Ark., system. Approximately 58,000 customers—32% of total subscribers—on those earth-station-equipped systems have signed for the HBO package.

UA-Columbia's Laredo, Tex., system is half way through its initial no-cost preview period for the pay offering and claims 9% of its subscribers have requested pay service.

Other cable systems that have initiated pay service via satellite, but which have not had it long enough to calculate subscriber interest include: On-the-Air Inc., Owensboro, Ky., and Teleprompter systems at Mobile, Ala.; Fairmont, W. Va.; Seattle-Tacoma, Wash.; Eugene, Ore., and Tuscaloosa, Ala.

In addition to the 11 operating pay satellite affiliates, there are more than 30 cable-operator applications for earth stations pending at the FCC.

If predictions that were made by industry experts at the initial opening of the pay satellite network hold, there should be between 35 to 75 earth stations operating by

**Warning.** Teleprompter, armed with a new New York state law against theft of cable service, has had an individual prosecuted and sentenced to 45 days in jail for tapping illegally into its Iliion system. It was the first known action taken under the new law. The MSO also brought action last week against a person charged with stealing service from its Manhattan system. The man was also charged with "menacing"—he allegedly threatened two Teleprompter representatives with a gun. The New York antitheft law, which went into effect Oct. 27, stipulates a maximum penalty of one-year imprisonment and a \$1,000 fine.

the end of 1976 (BROADCASTING, Oct. 6). HBO, which now serves about 230,000 pay subscribers in the Northeast, via terrestrial microwave, expects to double that number by the end of 1976.

## Cable Briefs

**NBC joins HBO.** NBC has petitioned U.S. Court of Appeals in Washington for review of FCC's Oct. 31 order against use of series-type programming on pay cable and asked court to consolidate review with pending Home Box Office case appealing commission's order (BROADCASTING, Nov. 10).

**Two more.** Microband Corp. of America, multipoint distribution service licensee, has announced plans to deliver pay-TV entertainment programming to home and apartment viewers in Memphis and New Orleans. Pay-program supplier will be Entertainment Network Inc. (in New Orleans) and Memphis CATV, controlled by Tele-Communications Inc. Service is scheduled to begin in early 1976. Microband Corp. has signed 12 contracts to distribute pay movies in 28 cities, with seven operating stations so far.

**Caribbean cable.** Jerrold Electronics Corp., Horsham, Pa., will provide equipment for 22-mile cable TV system slated for completion in 1976 on Tortola, Virgin Islands, and operated by Cable & Wireless

Limited. Jerrold will supply its Commander II signal-processing equipment and Starline 20 single-ended amplifiers for eight-channel system.

**Origination help.** Cable Program Services Inc., 39 West 16th Street, New York, has opened its doors as local-origination programming broker, booking and buying service and consultant. CPS currently is assembling film packages for cable TV systems in Maine, New Mexico, Colorado, Arizona, Washington, Florida, Michigan and West Virginia.

## Tricky loan package worth the effort for Pa. cable firm

### Company gives government agency paper control, which allows lenders tax exemption for interest

Keystone Communicable Inc., operator of CATV systems in Pennsylvania, has obtained financing for acquisition of several systems at lower-than-going-rate interest through a unique arrangement with the York County Industrial Development Authority, a local government agency.

The method involves signing over, on paper, the assets of the cable firm to the development authority, which allows the lenders, Firstmark Financial and the Indianapolis Morris Plan, to exempt the interest payments from their taxes. The savings is passed on to the cable company in the form of a lower interest rate. Keystone leases back from the development authority the assets it signed over; the development authority passes on the interest payments to Keystone.

The loan to Keystone through the development authority amounted to \$1,350,000 and will be used to finance acquisition of systems in the Pennsylvania counties of York, Adams and Lancaster.

J. Patrick Michaels, president of Communications Equity Corp., Minneapolis, which helped put together the loan package, says, however, that he doesn't expect the technique to "mushroom" across the country due to the technicalities involved and differences among the states.

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