

## FCC fine, divest is yet to come

The FCC has fined Northwestern Indiana Telephone Co. \$20,000 and ordered it to divest itself of any facilities and interests in cable systems constructed for an affiliated company in Hebron, DeMotte and Lakes of the Four Seasons, all Indiana. The commission found that the telco and Northwestern Indiana CableVision were affiliated companies under the commission's telco-cable crossownership rules and that the telco had violated those rules and Section 214 of the Communications Act by constructing cable TV distribution facilities within its telephone service area without FCC authorization. CCI Cablevision, former operator of a cable system in Hebron, which, like Northwest Cable, had nonexclusive franchises in Hebron and DeMotte, had sought a cease and desist order against the telco and Northwest Cable, which CCI Cablevision had alleged were acting anticompetitively. The FCC also found the telco liable for actual damages to CCI Cablevision but urged the parties to negotiate a settlement. In addition, the commission said it would refer the matter to the Department of Justice for whatever action that agency thought appropriate.

## Million-sub smile

"The greatest strength of this company is you," Continental Cablevision President Amos Hostetter told the firm's some 3,000 employees via a closed-circuit satellite telecast last Wednesday (March 13), officially marking the MSO's surpassing the million-subscriber mark.

The 15-minute telecast, in which Hostetter reminisced about the company's origins in Ohio in the early 1960's, originated from the company's headquarters on the Boston waterfront. It was transmitted via Satcom

III-R by HBO.

Since receiving an infusion of \$80 million from Dow Jones & Co. in exchange for a 24% share of the company, Continental has grown rapidly through its strategy of aggressive but selective franchising. During the past five years, basic subscribership quadrupled, elevating the company from 15th to eighth on lists of the top MSO's, and pay subscriptions jumped eight-fold. The company had 965,000 basic subscribers and 1.1 million pay subscriptions at the end of 1984 and reported revenues of more than \$200 million for the year.

## HBO scrambling (cont.)

After still more delays, HBO announced last week it would begin periodic testing of its M/A-Com Videocipher II scrambling system on the western feed of Cinemax beginning March 15 and on the western feed of HBO beginning April 15. With the announcement, HBO issued a list of times Cinemax would be scrambled, all between Cinemax's movies and series. Bob Zitter, vice president, network operations, said testing of the system would be conducted in four separate phases. "The western feeds of HBO and Cinemax are being tested first," he said. "Then we'll test the eastern feeds."

As of mid-February, HBO's public relations department was reporting that testing of both Cinemax's and HBO's western feeds would begin in late February, and testing of their eastern feeds would begin in late March. An HBO spokeswoman said last week that the delay and extension of the testing had a variety of causes, all associated with the shipping to affiliates and installing of thousands of descramblers. She declined to discuss the new testing schedule beyond what was contained in the announcement or to predict when HBO would be ready to institute full-time scrambling of feeds.



**Library gift.** Neil Austrian, chairman of Showtime/The Movie Channel, and Phyllis Newman, host of Showtime's new monthly show, *Inside Broadway on Showtime*, were present at a reception last Tuesday (March 12) to announce the donation of the *Broadway on Showtime*, series to the New York Public Library *Inside Broadway*, which premieres next month, features news, interviews and behind-the-scenes looks at Broadway shows and performers. Newman has acted on Broadway, was a regular on *That Was the Week That Was* and has hosted the *Tonight Show* several times.

## Breaking even

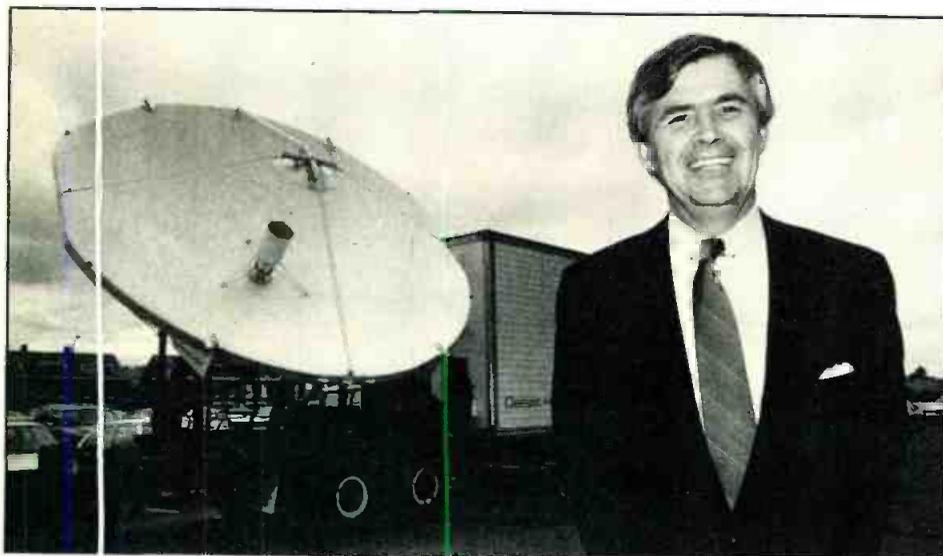
The Disney Channel, which will be two years old April 18, has reached the break-even point four months ahead of schedule, announced the president of the family-oriented pay cable service at a news conference last Tuesday (March 12). Jim Jimirro said the Walt Disney Productions subsidiary began breaking even in its January cash flow and is expected to show a small profit for the quarter ending March 31. Jimirro and other studio executives had predicted the service would break even with two million subscribers by the end of its second year.

"I am delighted that we have achieved our initial goal ahead of schedule and are proceeding forward in a long-range business plan for continuing future growth," said Michael D. Eisner, chairman and chief executive officer of WDP.

Also on hand was the parent company's president and chief operating officer, Frank G. Wells, who said he is "extremely pleased that the channel has gone into the black and is now on a profitable course."

Both Eisner and Wells predicted that The Disney Channel would prove to be an important profit center for the studio.

Jimirro said The Disney Channel turned



Hostetter and uplink