

applications of Orion and Cygnus Satellite Corp., citing a preliminary finding of a failure to meet tough new technical standards the commission adopted. They were given 45 days to submit documents dealing with the commission's concerns. Orion President Thomas McKnight, who had been in the commission meeting room when the action was taken, later expressed confidence Orion's proposal would eventually be approved. After discussing the matter briefly with the commission staff, he said he was "delighted. . . We couldn't be happier." He had "a momentary scare," but he expressed confidence Orion "could meet the technical standards without trouble." The attorney for Cygnus, Andrew D. Lipman, said the applicant would not comment. Both Orion and Cygnus plan to provide service between North America and Europe.

The sixth application is that of Finansat, which plans to operate satellites over the Pacific as well as the Atlantic, serving major financial and other business institutions. It had not made the agenda, since its application was filed in May, and the comment period had only recently been completed.

Intelsat was not the only party prepared to respond quickly to the commission's action. Assistant Secretary of Commerce David

J. Markey, one of the administration figures who played a major role in developing executive branch policy on the issue, applauded the commission. He said that "Chairman Mark Fowler and the commission are to be commended for their actions, which we believe will yield substantial public dividends and further an important administration communications policy initiative." As for the safeguards imposed on the systems authorized to provide service, he said, they "should prove more than sufficient to safeguard Intelsat's core revenues and thus insure that it can continue to meet its important global responsibilities." Similarly, Thomas Rogers, an aide to Representative Timothy Wirth (D-Colo.), chairman of the House Telecommunications Subcommittee, said the chairman was "extremely gratified."

Those were the cheers. There were also boos. Representative John Dingell (D-Mich.), chairman of the House Energy and Commerce Committee, charged that the commission had failed to incorporate in its order "even the minimum safeguards for the national interest recommended by the Reagan administration" and that the order "contains no enforcement mechanism to protect U.S. satellite manufacturers from unfair foreign competition. He also said that by allow-

ing unlimited private networking and resale, "the commission threatens to increase international rates for ordinary business and residential customers."

Nor was that all. Dingell saw "a procedural cloud" hanging over the action of the commission in its simultaneous approval of "individual satellite systems and general guidelines." He said that was contrary "to the assurances" Fowler had made to Congress. Dingell attached a number of citations to support the charge. Among them was a reference to Fowler testimony before a congressional subcommittee on March 5 to the effect that the purpose of the separate systems proceeding was "to develop a record prior to making any final determination" on the pending applications.

The Communications Satellite Corp., the U.S. signatory to Intelsat and frequently a spokesman for the Intelsat position in the U.S., also contended that the commission had fallen short in attempting to implement the President's policy aimed at protecting Intelsat from economic harm. What's more, it said that "the commission may have exceeded its authority under existing legislation by granting interim construction permits without adequately defining and implementing the President's policy determination."

## ABC/CCC sells four TV's for \$485 million; Detroit, Tampa to Scripps Howard

**Whitcom Investment and Essence appear victorious in bids for New Haven and Buffalo stations; radio properties next to go**

ABC and Capital Cities Communications began striking deals last week for the three Capcities television stations—WTNH-TV New Haven, Conn.; WFTS(TV) Tampa, Fla., and WKBW-TV Buffalo, N.Y.—and ABC's WXYZ-TV Detroit, which are being spun off to comply with FCC crossownership regulations. The spin-off agreements are all contingent upon the successful completion of the merger, expected in early 1986. Last Friday (July 26) also represented the deadline for bids for 15 radio properties the companies are also spinning off.

The four television properties to be spun off will bring approximately \$485 million, almost half the \$1 billion or more the two companies estimate they will raise in spinoff sales. They have said that the proceeds from the sales will be used to pay off some debt incurred in buying out ABC's stockholders.

Two of the TV properties—WXYZ-TV Detroit and WFTS(TV) Tampa—have been sold to Scripps Howard Broadcasting Co., for a combined \$246 million. Sources confirmed that about \$200 million is to be paid for WXYZ-TV (close to 15 times earnings) and about \$46 million for WFTS. The deal for WXYZ-TV is also contingent upon approval by the FCC of a proposed waiver that would allow the merged unit of Capcities/ABC to keep both WPVI(TV) Philadelphia and WABC-TV New York. If the deal goes through, Scripps Howard Broadcasting would move

into the top 10 list of group owners in total coverage of U.S. households. Currently, the company owns seven television stations (ABC affiliate WEWS(TV) Cleveland, CBS affiliate WCPO-TV Cincinnati, NBC affiliates WMC-TV Memphis, KJRH(TV) Tulsa, Okla., and WPTV(TV) West Palm Beach, Fla., and two independents, KSHB-TV Kansas City and KNXV(TV) Phoenix) which cover a combined 5.88% of U.S. households. With the addition of WXYZ-TV (1.94%) and WFTS(TV) (1.19%), Scripps Howard Broadcasting's total coverage would be 9.01%, a spokesman for the company said, placing it ninth in audience reach among group owners.

Last Friday, Scripps Howard Broadcasting President Donald Perris and ABC Chief Financial Officer Michael Mallardi met with employes at WXYZ-TV. Published reports last week put the station's revenues for 1984 at slightly more than \$47 million with earnings of almost \$13 million.

Sources at Capcities and ABC also acknowledged last week that Whitcom Investments, in partnership with Anchorage-based Cook Inlet Region Inc., won the bid for WTNH-TV New Haven. (Cook Inlet Region Inc. is owned by group of 6,300 Eskimo and is one of several organizations established in 1971 as part of Alaska Native Claims Settlement Act.) They also confirmed that the asking price for the station was in the \$170-million range.

At press time, it was unclear whether the two parties had actually signed a definitive agreement, and if not, how far along in the negotiating process they were. Former CBS Chairman William Paley is a partner in

Whitcom. Paley currently owns about 7% of CBS Inc. Whitcom has no other broadcast interests but owns several small cable systems in Maine and New Hampshire, sources said. It also publishes the *International Herald Tribune* and other newspapers. At press time, Cook Inlet officials could not be reached to discuss their involvement in the New Haven station deal.

The bid for the remaining Capcities station to be spun off—WKBW-TV Buffalo—has been won by a group of minority investors led by Essence Communications Inc., publisher of *Essence* magazine, targeted to black readers, and producer of *Essence, The Television Program*, a half-hour syndicated program now carried in 55 markets ("Closed Circuit," July 15). Negotiations for the station are said to be ongoing, but the asking price is understood to be \$70 million or more. Others in the group bidding for the station are Donald McHenry and J. Bruce Llewellyn, former government officials in the Carter administration, and John H. Johnson, publisher of *Ebony* and *Jet* magazines. A spokeswoman for Essence Communications said the group would hold a press conference announcing the deal when a definitive agreement is reached.

The 15 radio stations up for grabs include five from the Capcities group: WPAT-AM-FM Paterson, N.J.; KLAC(AM)-KZLA(FM) Los Angeles, and WKBW(AM) Buffalo. The 10 ABC Radio stations to be spun off are KTKS(FM) Dallas, KSRR(FM) Houston, WRIF(FM) Detroit, WABC(AM)-WPLJ(FM) New York, KABC(AM)-KLOS(FM) Los Angeles, WLS-AM-FM Chicago and KGO(AM) San Francisco. □