

mine BMI's new license rates. The previous two-year agreement expired last Dec. 31, and stations have been asked by the committee to sign a one-year contract extension, pending negotiations with BMI. In August 1984, the committee negotiated an amend-

ment to BMI's then newly issued blanket music license that raised rates by approximately 8.8%—down from an originally estimated increase of 15% to 18%. The BMI contract was retroactive to January 1984, but the rate increase did not go into effect until

January 1985. The committee is now asking BMI to roll back the present blanket license rate "to at least the level of the pre-1984 license" ("Riding Gain," Nov. 25, 1985). It is that rate hike by BMI that has prompted ASCAP to continue fighting for one. □

## Closing in on must carry

**Cable reportedly makes an offer, but not one the broadcasters couldn't refuse; cap is issue, with negotiations revolving around 25%; week to go before FCC deadline**

The must-carry tortoise turned into a hare last week. Representatives from the broadcasting and cable camps spent the week shuttling proposals back and forth with the intent of trying to wrap up the negotiations by week's end to meet the March 4 deadline for reply comments in the FCC's proceeding on that subject. (The FCC extended its deadline from Feb. 25 to March 4 on behalf of a variety of cable companies that said they needed more time.)

In the words of one participant, "things are moving very fast; there's something new on the table every hour." And another participant observed "there's a good possibility that things will be wrapped up soon."

The process accelerated when National Cable Television Association President James Mooney returned from a Denver meeting with his executive committee on Feb. 14, prepared to present broadcasters with a must-carry proposal acceptable to cable. (The NCTA meeting was called to decide whether cable would help broadcasters develop an acceptable public policy rationale for a must-carry compromise.) Mooney met during last Monday's holiday (Feb. 17) with John Summers, the National Association of Broadcasters' senior executive vice president for government relations, and William Schwartz, president and chief operating officer for Cox Enterprises and a member of the Television Operators Caucus. Schwartz has served as the broadcasters' lead negotiator throughout the must-carry process and in the final hours carried the ball alone.

Under NCTA's initial proposal, cable systems with 12 or fewer channels would have been exempt from any must-carry obligation and cable operators with more than 12 channels would have had to set aside no more than 20% (seven channels for a 36-channel system) of their channels to carry local stations within 35 miles of the cable system (the mileage could be altered to 50 depending on eventual interpretation of copyright law). Cable systems would not have to carry duplicated network or public broadcasting signals. New stations could not demand must-carry status unless they met a viewing standard—the significantly viewing standard of the former must-carry rule, a 2% share of the audience in noncable homes and a 5% net weekly circulation. Among the other points of cable's first draft was that broadcasters would agree not to oppose legislation

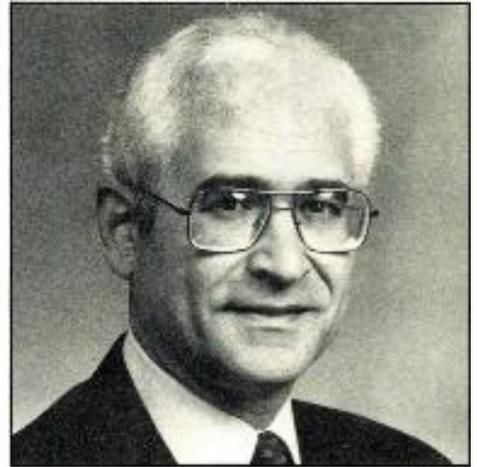


Mooney

that would call for commercial television to give up its share of the compulsory license fees. Cable also wanted broadcasters to drop their demands for elimination of the compulsory license.

NCTA's Mooney, however, insisted that it would be "inaccurate to say I have made an offer." He admitted there had been "intense discussion of specifics," but refused to comment any further. Indeed, press reports on the negotiations irritated Mooney to the point that he threatened to discontinue the discussions until the broadcasters "get control of the process." Mooney said he found it "exasperating. If they can't maintain the confidentiality of these discussions it's going to be tough for them to make a deal with anybody." Apparently, the parties agreed to keep the details of the negotiations confidential.

For broadcasters, cable's offer poses problems. Sources say they "can't live" with the 20% cap (which they feel is too low) and they want some must-carry protection for new stations. (Schwartz went back to cable with a counteroffer to include a higher cap,



Schwartz

at least 25%. There were even some reports that certain TOC members were unhappy with that offer.) Of equal concern was cable's request that broadcasters give up their share of the cable copyright royalties—an element of the package they told NCTA "was unacceptable."

But NCTA's idea on the royalty fees, one source said, came from broadcasters themselves. Indeed, the source noted that when Mooney spoke to the NAB board last month (BROADCASTING, Jan. 20) several directors approached him and volunteered to give up their share of the royalties in exchange for must carry. Nevertheless, NAB is adamant in refusing to budge on that matter. One source called it a "deal breaker," and accused cable of being "greedy." But at week's end it appeared that cable had withdrawn that provision.

Things had progressed far enough by Friday that Mooney felt it appropriate to brief FCC Chairman Mark Fowler. The FCC must eventually endorse any compromise the two industries come up with, and some members have indicated a basic reluctance to do so. □

## Hard times for home dish industry

**SPACE/STTI convention troubled by programing service scrambling; dealers vow to fight back**

"The gray train is over," lamented one satellite dish dealer. "From here on out it's a tough business."

Such comments were frequently overheard last week in Las Vegas, where about 2,100 home satellite receiver manufacturers, distributors and retailers gathered for the three-day annual convention of the Society

for Private and Commercial Earth Stations (SPACE) and the Satellite Television Industry Association (STTI).

Addressing a group that is, by its own account, reeling from the effects of full-time signal scrambling begun last month by Home Box Office and Cinemax, the nation's largest pay cable services, SPACE Chairman H.T. Howard called for unification "in a serious battle with cable: one that will be fought through legislation, litigation and in the marketplace. We need your help and fi-