

Rejiggering the cable satellite status quo

The world of cable is changing as carriers and programmers begin to switch their feeds to new birds

For nearly three years, the cable satellite business was fairly settled. Hughes Communications' Galaxy I was the primary carrier of satellite programming, and RCA Americom's Satcom III-R and Satcom IV were the secondary ones. It was as simple as that.

But maneuverings by satellite carriers and cable programmers and the emergence of new programming services looking for satellite capacity over the past several months is about to change radically cable's satellite lineup.

The latest blow to the status quo: Viacom International's agreement to lease 21 transponders on AT&T Telstar 303 through 1995 for \$243.1 million. Under terms of the tariff, which is subject to FCC approval, Viacom is to take command of 13 transponders on the C-band satellite on Dec. 15 and eight more on Jan. 1, 1988. The lease expires in August 1995 at the end of Telstar 303's design life.

According to Andrew Setos, vice president, engineering and operations, Viacom Networks, Viacom plans to aggregate some of its feeds on Telstar 303 programming and sublease the rest at cost to other cable programmers. Setos said C-SPAN, the Disney Channel, The Weather Channel and Lifetime have already expressed an interest in being on the bird.

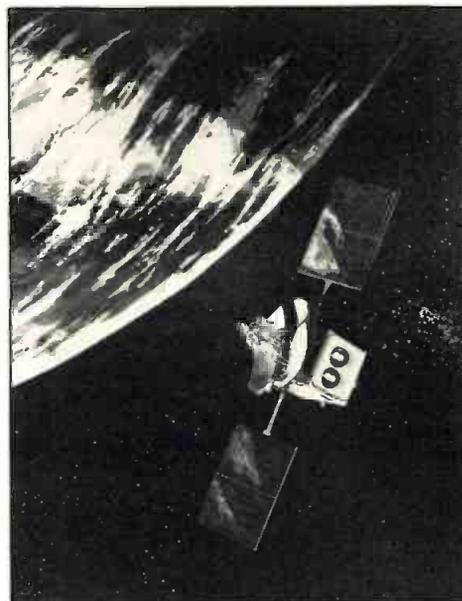
In seeking to lease transponders to cable

programmers, Viacom has put itself in competition with RCA Americom; Crimson Satellite Associates, a joint venture of RCA Americom and Home Box Office, and a group of telecommunications companies that is trying to sell its excess capacity on Hughes Communications' Galaxy III.

RCA Americom, in addition to holding on to its current cable customers on Satcom III-R and Satcom IV, is trying to lease 27 transponders on Satcom I-R and Satcom II-R, which became available when RCA decided to eliminate its leased-channel and data transmission services, to cable programmers.

Crimson has been trying to lease capacity to major cable programmers on its Satcom K-3, a high-power Ku-band satellite. Because the satellite is not slated to be launched for three years, it is offering those interested in Satcom K-3 interim service on RCA Americom's Satcom K-1, a similar satellite launched last January. As a partner in the venture, HBO has reserved four slots on each of the 16-transponder birds. And, last week, Home Shopping Network became the first cable programmer to join HBO (see "Satellite Footprints," page 83).

MCI Communications, Equatorial Communications and Hughes Communications, meanwhile, are hoping they can persuade cable programmers to absorb some of the excess capacity they control on Galaxy III. Two months ago, it looked as if Galaxy III would fill up with some new cable services,



but competition from RCA and Viacom have put that in doubt.

Telstar 303 is a C-band satellite. Prior to making the deal with AT&T, Setos said, Viacom took a long, hard look at Ku-band technology. Setos acknowledged that Ku-band satellites, whose signals are free of terrestrial interference, are superior for beaming signals to affiliates in urban areas. But, he said, the greater reach of Ku-band birds does not outweigh its greater cost. On average, he said, a Ku-band transponder costs two or three times more than a C-band transponder. What's more, programmers would incur the expense of installing Ku-band uplinks and operators would have to spend hundreds of millions of dollars for Ku-band downlinks. Setos also said Ku-band satellites were "inherently less reliable," apparently referring to the Ku-band rain fade problem.

Initially, Setos said, it plans to shift its six feeds on Satcom III-R (Nickelodeon/Nick at Nite, Viewer's Choice, Showtime west, MTV, VH-1 and Lifetime) to Telstar 303 within the next few months. To give affiliates a chance to switch their dishes from Satcom III-R to Telstar 303 or to equip them with dual-feeds so they can receive signals from both at the same time, Setos said, Viacom will beam the services from both birds for five months.

Setos wouldn't or couldn't say when Viacom's four feeds on Galaxy I (Showtime east, The Movie Channel east, The Movie Channel west and Viewer's Choice) or its one feed on Satcom IV (Nickelodeon) will make the switch to Telstar 303. He also declined to say how many transponders Viacom would be making available to other programmers.

In leasing 21 transponders, Setos acknowledged that Viacom is taking a considerable risk. If it is unable to persuade other programmers to sublease transponders from it on the bird, it will be left having to pay for a lot of unused satellite capacity.

But, according to Setos, Telstar 303 has a lot going for it, primarily longevity.

Reliance buys WNU-TV for \$70 million

Reliance Capital Group, the insurance and investment concern that is in the process of purchasing John Blair & Co., announced last week that it had purchased WNU-TV Linden, N.J., from Jerry Perenchio, Norman Lear and Bud Yorkin for \$70 million.

The move is a major step in Reliance's effort to build a second major Spanish-language network. Blair, based in New York owns a group of four AM's, four FM's and five TV's, and includes Spanish-language stations, WSCV-TV Fort Lauderdale, Fla., and WKAQ-TV San Juan, P.R. Reliance already owns KVEA-TV Los Angeles.

Reliance Group President Henry R. Silverman said the stations would receive common advertising representation and would work together to produce programming. The fledgling network would be in direct competition with SIN Network, but Silverman expected the competition to be healthy for Spanish-language stations. "In a sense we will be helping each other by bringing more outlets for Spanish advertising," said Silverman. "The biggest challenge for both of us is to bring more traditionally Anglo advertisers to Spanish stations." Silverman said the new network would be searching for affiliates and would be joined by WCIU-TV Chicago in a loose confederation in advertising sales and programming, although no formal affiliation agreement has been signed.

Reliance, which owns 80% of Blair, is attempting to merge the two companies—a move that requires stockholder approval. Because of Securities and Exchange Commission regulations, Silverman was unable to say whether any other Blair stations will be changed to Spanish-language and whether there are any other affiliates coming on, but indicated that they were working with a number of Spanish-language stations in Texas on affiliation agreements. "We will have to expand with affiliates, but you can't really have a Spanish-language network without New York and Los Angeles, and possibly Miami; now we have all three," said Silverman. Asked whether Reliance would be making any further purchases, Silverman said it would be "highly unlikely. We don't need to now."

The station is the last remaining joint venture of Lear and Perenchio, former co-owners of Embassy Communications, which was sold to Coca-Cola last year (BROADCASTING, June 26, 1985).