

as CNN, ESPN and MTV. Pay and pay-view services are exempt from regulatory oversight.

And it prohibits vertically integrated cable programmers from "unreasonably refusing" to negotiate distribution deals with any multichannel video providers (wireless cable operators, satellite broadcasters, SMATV operators). The prohibition would sunset in nine years,

Programers could still strike exclusive distribution deals as long as the deals do not "significantly impede competition."

Under Markey's measure, cable operators would have to carry local broadcast signals that meet specific criteria, and it protects broadcasters from having their signals moved from one channel position to another.

Among the few changes in this new

version is a stronger consumer protection provision that will enable state and local authorities to enforce generic consumer protection laws. Furthermore, the bill includes a new definition of "special format and minority stations" that would result in the Home Shopping Network no longer being eligible for must carry. Last year language was added to give HSN stations must carry status. —KM

PRIME, SPORTSCHANNEL MERGER TALKS PROGRESS

Operations in San Francisco, possibly Florida, would be combined; TCI could take greater stake in others' services, including Bravo

The on-again, off-again merger talks between Prime Network and SportsChannel are not only back on, but definitive progress appears to be being made.

The current scenario, said sources, involves the regional sports services and Rainbow Programing Holdings Inc., the Cablevision-NBC-owned umbrella for SCA and its regionals, American Movie Classics and Bravo.

The first part has TCI's Liberty Media and SportsChannel merging their regional networks in the San Francisco Bay area, and possibly in Florida as well. The second piece of the puzzle has TCI buying a stake in other SportsChannel regionals, the likeliest being SportsChannel Chicago, where TCI is a dominant operator and where one source said new contract talks between TCI and SportsChannel are under way. The deal would also have TCI increasing its investment in Rainbow, possibly purchasing a stake in Bravo, and/or expanding its 50% ownership of AMC (either partner has the right of first refusal if the other party wants to sell). All of this, if it goes through, would be a likely precursor to a larger deal involving a merger of the Prime and SCA national services.

(John Goddard, president of Viacom Cable, confirmed the Bay Area talks, saying "there have been discussions" about merging the two services, adding that under one scenario Viacom would cease to be an owner of Pacific Sports Network with TCI. Goddard said Viacom intends to remain owner of the Seattle-based Prime Sports Northwest with TCI.)

The overall deal, however, still faces many hurdles (it's not the first time the parties have been around the track together) and could take several months to complete. One reported stumbling block is SportsChannel's insistence that TCI

affiliate with the merged Bay Area service and provide SportsChannel a guaranteed payment based on TCI's entire basic universe. TCI and SportsChannel have been far apart on guaranteed payments since day one.

Another problem could be lack of enthusiasm for a merger from Prime's minority owners, Bill Daniels and Group W, as well as from stand-alone regional services, such as Madison Square Garden, which carry Prime programming.

Daniels owns 80% of Prime Ticket (four million subscribers), which holds a significant market edge over SportsChannel Los Angeles, a pay service with 130,000 subscribers. Observers say Daniels may feel no pressure to merge in Los Angeles because of the upper hand he holds.

A merger may also force Daniels and Group W to dilute their ownership in Prime's parent, Affiliated Regional Communications. There is also the matter of whether Group W Sports Marketing, which handles ad sales for Prime's owned networks and other affiliates, would be integrated with SportsChannel's ad sales arm, Cable Networks Inc. Problems could also creep up for Group W in representing MSG while it has a stake in its competitor, SportsChannel New York.

But it's unclear if ARC's other owners could prevent Liberty, which owns 54.4% of ARC, from consummating a merger. Although Group W's interest could be diluted, it has options to increase its ARC ownership, which would likely come about if John McMullen, owner of the Houston Astros, is successful in selling the Astros and his interest in ARC.

A merger would also require approval of the sports teams. In San Francisco, SCBA (Giants and A's) is a pay service, while PSN (NBA's Golden State War-

riors) is on basic. However, Goddard said the Warriors contract calls for the team to move to a pay tier next season, which would indicate that the merged entity would likely be a pay service in some form. In Florida, both networks are on basic, and in each case, both services could continue to operate separately until rights contracts are ironed out.

The demise of Sky Cable, the announcement of which blew apart the last merger talks early last year, and the red ink on both sides, has helped bring both parties back to the table. At the top of Cablevision's agenda these days is paring down its debt and mitigating losses. It has relinquished its 49.5% stake in CNBC (pending CNBC's purchase of FNN) and it is unclear what it is getting from NBC in return. The possibility exists that NBC would transfer the rest of its holdings in Rainbow back to Cablevision. NBC would not comment on what its actions will be, except to say, according to a spokesman: "We are steered by our sense of what will best enhance our position in the cable industry." Cablevision also merged its court channel with Time Warner's, giving up control in the process. The balance sheet of the newly spunoff Liberty shows pro forma operating losses of \$13 million for the first nine months of 1990; reaction from Wall Street has been less than enthusiastic.

A national merger of Prime and SportsChannel would give the surviving entity a better shot at making money on a National Hockey League package (SCA's contract expires in June), not to mention posing a formidable rights competitor to ESPN. Mergers of adjacent Liberty-SportsChannels, such as SportsChannel Ohio (Cleveland) and KBL (Pittsburgh), and SportsChannel Cincinnati and Prime Sports Midwest (Indianapolis), would also be possible. —SDM,MS