

Conversion factors fall into place for WTBS

ESPN OK to Turner/baseball deal paves way for superstation's switch to basic cable

By Donna Petrozzello

The last piece finally fell into place for Turner Broadcasting last week. After months of wrangling and waiting, it can convert superstation WTBS Atlanta to a basic cable network on Jan. 1, 1998.

ESPN's consent to an agreement between TBS and Major League Baseball will allow TBS Superstation to continue carrying its programming backbone—Atlanta Braves games—although the superstation is expected to scale back from 125 to 90 regular-season games next year.

TBS and the major leagues had needed approval from Major League Baseball national rightsholders News Corp.'s Fox Broadcasting and The Walt Disney Co.'s ESPN.

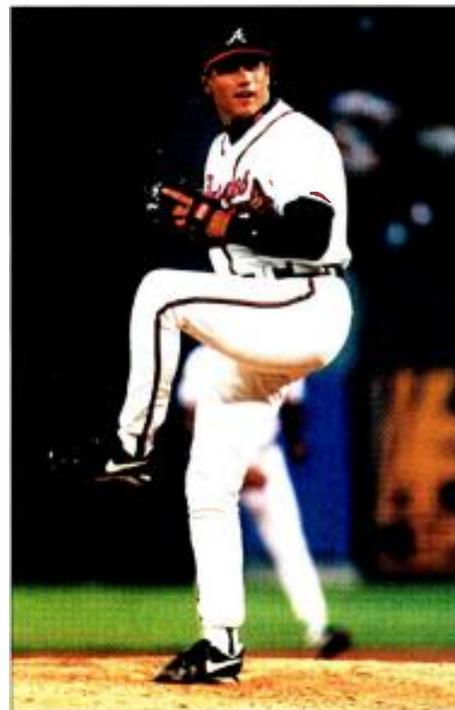
ESPN spokesman Eric Handler said last week that the network had "reached an agreement in principle with Major League Baseball that would allow the TBS Superstation flip to occur." A key element of the agreement is a two-year extension of

the network's existing regular-season rights agreement with MLB, which runs through 2000.

The settlement between Time Warner and Fox parent News Corp. two weeks ago had already eliminated Fox as an obstacle, says TBS Inc. President Terence McGuirk. TBS now can move forward despite continuing negotiations with cable operators over carriage fees.

Currently, cable operators who carry Superstation TBS must pay copyright fees to the studios that provide content, but are unable to sell local ads in those programs. After the conversion, says McGuirk, cable operators will stop paying both the copyright tribunal and their common carrier and will need to pay only TBS. Time Warner subsequently plans to raise carriage fees, since MSOs will gain revenue by eliminating copyright payments and gaining local ad sales.

But last week, McGuirk said that additional cash flow should fall "far short of [the] \$160 million" initially



WTBS gets to keep Braves and lose superstation label.

estimated when the plan was proposed two years ago. "The Street has mentioned \$100 million at some period going out a few years, but that is not a rate that will take place in the beginning."

Although he declined to comment on the range of fees, McGuirk said that TBS will "obviously be more profitable" next year because it will generate revenue from both subscriber fees and ad revenue. ■

Powell gets FCC nomination

President Clinton last Thursday nominated Michael Powell to the FCC.

Several sources last week expected the President also to name FCC nominee William Kennard FCC chairman, although the chairman's designation had not yet arrived on Capitol Hill Friday night.

Additionally, Clinton is expected to nominate New Mexico regulator Gloria Tristani to another Democratic FCC seat, although sources said that nomination will not reach the Senate until administration officials wrap up lingering paperwork.

Powell—whose nomination has been expected for months—will fill the Republican seat now occupied by FCC Commissioner Rachelle Chong. The son of



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retired General Colin Powell, Michael Powell is chief of staff of the Justice Department's antitrust division. Senate Commerce Committee Chairman John McCain (R-Ariz.) since January has been pushing the administration to nominate Powell.

Kennard, meanwhile, still is expected to encounter resistance from Senator Ernest Hollings (D-S.C.), who has led an effort to put his former aide, Ralph Everett, in the chairman's seat. Everett also has won the backing of the Congressional Black Caucus.

Last week, Vice President Gore met with caucus members to discuss a range of issues including the FCC, although one source said the meeting was not aimed at shifting the caucus's support from Everett to Kennard. —CM