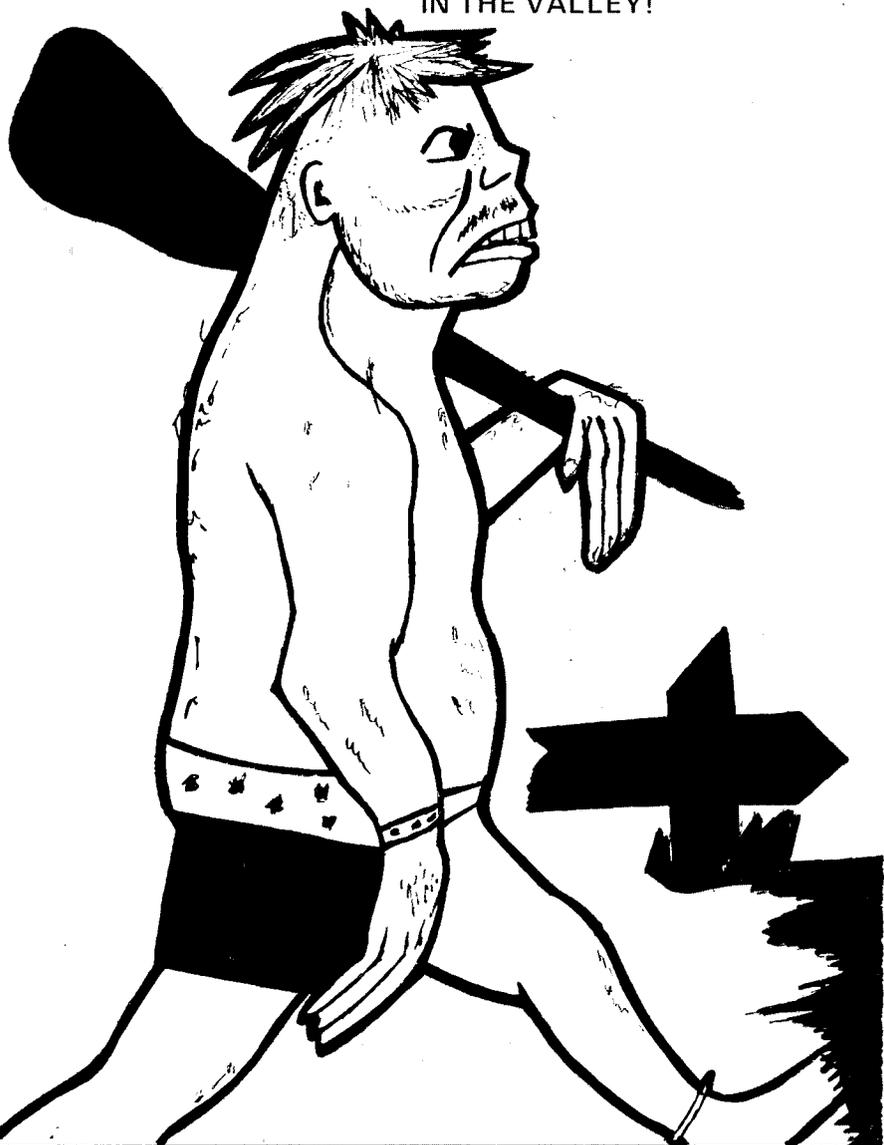


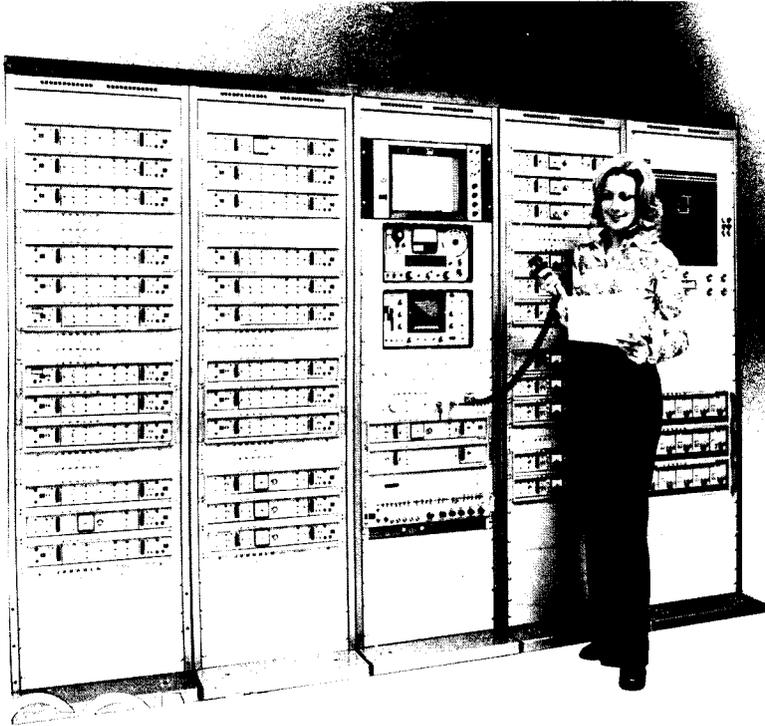
CATV

APR.
1975

YEA,
THOUGH I WALK THROUGH THE
VALLEY OF THE SHADOW OF DEATH,
I SHALL FEAR NO EVIL . . . 'CAUSE I'M THE MEANFST,
MADDEST CATV OPERATOR
IN THE VALLEY!



COMMUNITY ANTENNA TELEVISION JOURNAL



a new standard of excellence

There's a new standard for perfection in signal processing—Jerrold's Commander III, a compatible family of heterodyne processors, modulators and accessories. Features include group-delay equalization from edge-to-edge of the video-information passband insures perfect pictures incremental, harmonic or single-channel phase lock built-in IF switching for signal replacement/emergency alert 100% crystal controlled for maximum stability of broadcast-quality signals.

Commander III performance includes **spurious-output characteristics:** -70 dB from 5 to 350 MHz at 60 dBmV output **adjacent-channel selectivity:** -60 dB rejection of adjacent channels; suitable for CATV hub processing **input-overload performance:** -80 dB or better intermod for adjacent channels, each at 10 dBmV **noise figure:** 5 dB low-band, 6 dB high-band, 9 dB UHF **carrier-to-noise ratio:** 60 dB C/N at 10 dBmV VHF; 57 dB C/N at 10 dBmV UHF **thoroughly field tested.**

For complete information, **contact YOUR MAN FROM JERROLD** or call or write us to request the new Commander III bulletin.

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EASTERN OFFICE 200 Witmer Road, Horsham, Pa. 19044 (215) 674-4800

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He's the one who gets your cable to the job on time. If you should have any questions on your shipments call him on our toll free line. He'll be happy to give you the answers you need.

With thirty years experience behind him, Ralph's a pro. And like any true professional he's used to pressure. In fact, being under pressure simply makes him perform at his best. And that makes your job easier.

Of course we make Ralph's job as easy as possible by manufacturing the best CATV cable in the industry. After all, we've been making quality cable of all types for over fifty-three years.

Chances are you won't ever have to talk to him. But when the pressure is on, it's good to know CCS has professionals like Ralph to help you.

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COMMUNICATION PRODUCTS

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New TOCOM DC-1000 Series Cable TV Converters use high reliability varactor tuning from a small palm-held calculator-styled remote control to turn a television set "on or off" as well as to select 32 or 36 channels of TV viewing.

The converter unit sits on top of the TV set or may be conveniently placed behind it. A built-in convenience outlet is available for powering the TV set and a 25 foot length of pliable, but tough control cable connects the remote control to the converter.

The remote control switch uses gold plated contacts with a phosphor-bronze rotor. The channel indicator is illuminated by a long-life LED (light emitting diode). Space is available on the control for special channel listing or other labeling as specified by the customer. Pay or premium TV is provided at the "X" position of the remote control rotary dial. This position can be frequency-designated, field-tuned or locked-out as required.

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Two models are available — the DC-1032 for 32 channels and DC-1036 for 36 channels. Both models operate in 75 ohm cable systems.

Both the remote control and converter unit meet or exceed FCC and CSA standards.

New TOCOM Remote Control Cable TV Converters are "Convention Priced," so don't miss them at TOCOM NCTA Booth 88.

TOCOM

Box 47066 • Dallas, Texas 75247
214/438-7691 • TWX 910-860-5755

CATJ

APRIL 1975

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NUMBER 4

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OFFICERS/DIRECTORS

Kyle D. Moore, President
(Cordell, Oklahoma)

Ben Campbell, V.P.
(Dallas, Texas)

G.H. (Bunk) Dodson,
Secretary/Treasurer
(Sayre, Oklahoma)

Warren Fribley, Director
(Painted Post, N.Y.)

William Ridsen, Director
(Cumberland, Ky.)

STAFF

R.B. Cooper, Jr., Editor in Chief
Celeste Rule, Managing Editor
Heather Pennington, Editorial Asst.
S.K. Richey, Contributing Editor
Debbie Teel, Illustrator

OFFICES

4209 N.W. 23rd St., Suite 106
Oklahoma City, Ok. 73107
Telephone (405) 947-4717

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OUR COVER

The CATV industry is mad. Congress may be the only salvation for the industry, although the race to beat the broadcaster/network dominated FCC to the halls of Congress will be a close one. CATJ produces the facts to substantiate the industry's claims of poor treatment . . . the rest is up to you!

SUPPRESSED EMOTIONS

Those of us who have put in a reasonable tour of duty in the up-and-down world of CATV are well aware that just below the surface of this docile, mom-and-pop industry, there exists a seething resentment of (1) the FCC, (2) broadcasters, and (3) the networks; not necessarily in that order. During the past year or so, the energy bottled up within this industry has begun to leak out into the hostile world.

We fully expected the two-part series appearing in the March **CATJ** and in this issue of **CATJ** to do one of two things: (1) blow the lid off of the industry, or, (2) bring the industry several giant steps closer to a direct head-on confrontation with at least the FCC.

The March **CATJ** had been in the mails only a few days (traveling third-class postage is not exactly speedy!) when the **CATA** telephone began to ring off the wall. Within hours we had the full gamut of reaction, from (1) "Boy have you got a lot of guts..." to (2) "...and my attorney will call you in the morning..." In between these two extremes have been dozens of calls and telegrams saying pretty much what we expected they would say. But there have been a few calls which we did not expect; and chances are good that if the relatively docile March **CATJ** attracted that much interest, this issue will be selling for ten dollars a pop on the street corners of M Street in Washington by April 20th!

One of the more interesting calls came from an advertising type in New York, who discovered a March **CATJ** in a network executive's office where he had gone to pitch a program package. The advertising type wondered if we were really leading up to an "expose" (his word) of network practices in our April issue. We assured him that our only interest in the networks was that as these giants of American industry became involved in the FCC's handling of the public's airwaves, we found that the FCC became less and less able to distinguish public interest from network interest.

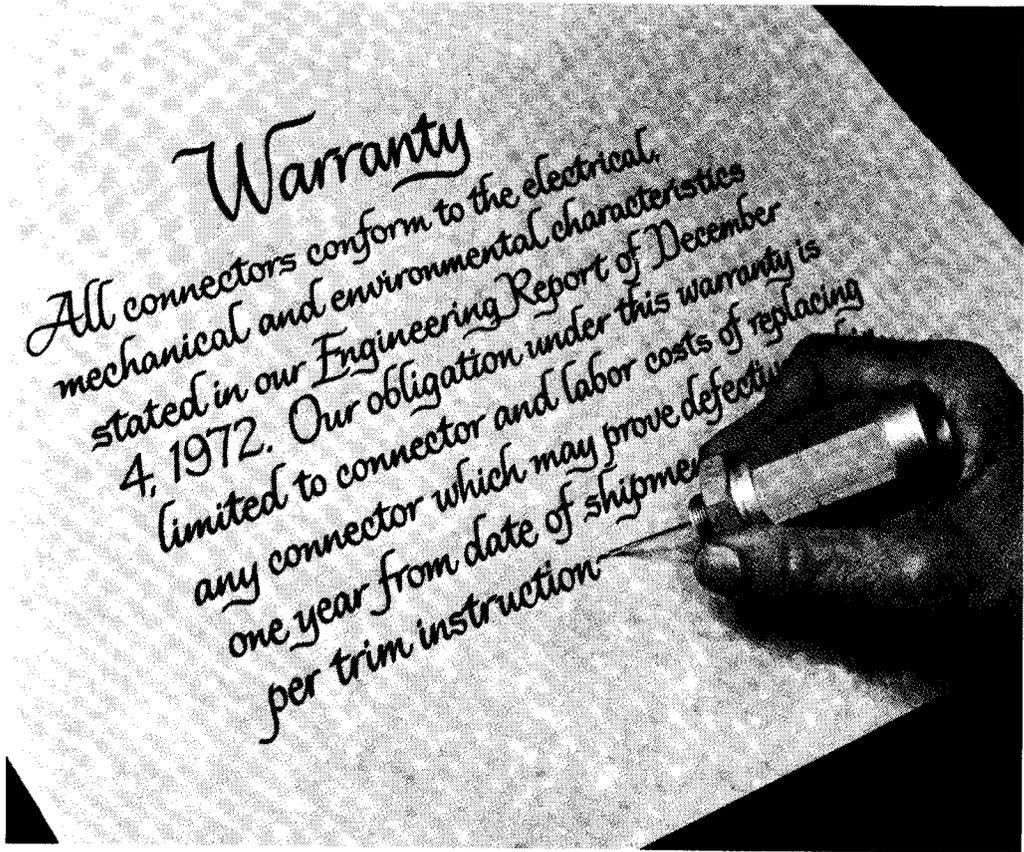
"What about the network O & O stations?" the advertising type asked. We assured him that we had taken a hard look at O & O stations and would have several things to say about their "unusual profits" (our phrase) and some recommendations to make about their future operations (see Page 36).

"Do you know why O & O stations run three to one ahead on net dollars earned over their competition in the same markets?" the advertising man queried us. And before we could venture an educated guess or two, he plowed ahead with "...because they put pressure on big advertisers to use their spot-buy packages on the O & O stations as a condition to obtaining highly favorable commercial positions in network programs."

Naturally we asked if he could substantiate that type of charge (we made a rule in planning this two-part report that whenever we crossed paths with some particularly intriguing anti-competitive or anti-CATV tidbit that unless we could verify the material through sworn statements or unimpeachable sources, we would not use it). His retort was, "If you get the Congressional hearings you are aiming for, they will have to use a computer to schedule the witnesses; they will line up for miles if the networks are investigated!"

At this point, no statement—sworn, authenticated, or however backed up—would surprise us, when it comes to the networks. Frankly, we know more about them than we care to know. When a summary of these reports was presented to the **CATA** Board of Directors late in February, one board member quipped (seriously we suspect, behind his nervous laugh), "Is your life insurance paid up boys?"

Perhaps we are being too dramatic. Perhaps we have become so close to the trees that we are having difficulty finding a way out of the forest. Six months of living with 25 years of television-industry history can do that to a person. Perhaps... just maybe, this whole business is not nearly as serious as we make it out to be. Maybe CATV would survive a network-dominated FCC, and perhaps we will find out. If these **CATJ** reports springboard us into Congressional hearings, we may all learn more than we want to know. If not, well, it was an interesting six months that we would not trade for all of the CATV subscribers in Manhattan!



SuperWarranty

We have enough faith in our products, our people and our customers to put it in writing. Not just a warranty, but a written performance guarantee. The only one in the industry. When you buy the SuperConnector, the SuperWarranty comes with it, for no additional charge.

We tell you what you can expect and guarantee that you'll get it.

We think this is the way everybody should do business. Someday maybe everyone will. Meanwhile, isn't it nice to know that somebody thinks enough of their product to put it in writing?

We also say this: *You can pay a lot more for your connectors. You can't buy a better connector.*

Cambridge. The SuperConnector.

Cambridge Products

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cata

ASSOCIATE MEMBER ROSTER

In recognition of the untiring support given to the nation's CATV operators, and their never-ending quest for advancement of the CATV art, the COMMUNITY ANTENNA TELEVISION ASSOCIATION recognizes with gratitude the efforts of the following equipment and service suppliers to the cable television industry, who have been accorded ASSOCIATE MEMBER STATUS in CATA, INC. for 1975.

Anixter-Pruzan, Inc., 1963 First Ave. S., Seattle, WA. 98134 (D1)
Avantek, Inc., 3175 Bowers Avenue, Santa Clara, CA. 95051
Belden Corp., Electronic Division, Box 1327, Richmond, IN. 47374 (M3)
BROADBAND ENGINEERING, INC., 850 Old Dixie Highway, Lake Park, FL. 33403
Burnup & Sims, Box 2431, W. Palm Beach, FL. 33401 (S2, S7, S8)
CABLE NEWS, 2828 N. 36th Street, Phoenix, AZ. 85008 (S6)
Cerro Communication Products, Halls Mill Road, Freehold, NJ. 07729
COMM/SCOPE COMPANY, P.O. Box 2406, Hickory, NC. 28601
Jerry Conn & Associates, 550 Cleveland Ave., Chambersburg, PA. 17201 (D3, D5, D6, D7)
C-COR ELECTRONICS, Inc., 60 Decibel Rd., State College, PA. 16801 (M1)
DAVCO, Inc., P.O. Box 861, Batesville, AR. 72501 (D1, S1, S2, S8)
Devine's Trailers & Accessories, Grantville, PA. 17028
ENTRON, Inc., 70-31 84th Street, Glendale, NY. 11227 (M4, M5, D4, D5, S8)
JERROLD Electronics Corp., 200 Witmer Road, Horsham, PA. 19044 (M1, M2, M4, M5, M6, M7, D3, D8, S1, S2, S3, S8)
Kay Elemetrics Corp., 12 Maple Avenue, Pine Brook, NJ. 07058
Microwave Filter Co., 6743 Kinne St., Box 103, E. Syracuse, NY. 13057 (M5, bandpass filters)
MID STATE Communications, Inc., P.O. Box 203, Beech Grove, IN. 46107 (M7)
QE Manufacturing Co., Box 227, New Berlin, PA., 17855 (M9, tools & equipment)
RMS CATV Division, 50 Antin Place, Bronx, NY. 10462 (M5, M7)
TEXSCAN Corp., 2446 N. Shadeland Ave., Indianapolis, IN. 46219 (M8, bandpass filters)
Theta-Com, P.O. Box 9728, Phoenix, AZ. 85068 (M1, M4, M5, M7, M8, S1, S2, S3, S8, AML Microwave)
Times Wire & Cable Co., 358 Hall Avenue, Wallingford, CT. 06492 (M3)
TONER Equipment Co., 418 Caredean Drive, Horsham, PA. 19044 (D2, D3, D4, D5, D6, D7)
WAVETEK Indiana, 66 N. First Ave., Beech Grove, IN. 46107 (M8)

TOCOM REMOTE CONVERTER

A new remote control cable TV converter, capable of handling 32 or 36 channels, has been announced by TOCOM, Inc., P.O. Box 47066, Dallas, Texas 75247. The new converter features AFC, built-in AC plug for the TV receiver, optional premium channels, varactor tuning with dual conversion, fully regulated line supply, and an optional multi-set coupler.

The control box has a lighted channel selector rotary switch, fits in the palm of the hand, and includes cable channels designators for instant operator reference. The converter rests atop the receiver or behind the set, and inter-connects with 25 feet of cable. Full details are available from TOCOM.

MAGNAVOX SMALL SYSTEM AMPS—Magnavox Company, CATV Division, has announced new Microline (4-M series) miniature main station amplifiers. Designed to provide economical state-of-the-art solid state characteristics, for one-way systems, the amplifiers cover 40-300 MHz. The basic trunk amplifier is available with optional plug-in AGC and optional bridger modules. Power supply B+ and bridger outputs are fused. Standard (Magnavox) MX-404 plug-in attenuators and equalizers are utilized; input and output test points are included.

Available with 40 db gain (4-MD40) and 28 db gain (4-MD28), the new amplifier series can be utilized for mainline or line extension service. Magnavox advises the development of the new economical series of amplifiers was prompted by smaller systems buying their MX-404 line extender for mainline service.

Information is available from Jim Emerson, Director of Communications, Magnavox, 133 W. Seneca, Manlius, New York 13104.

FIXED FREQ STOP BAND TRAP—Microwave Filter Company has announced a new low cost single channel stop band trap for installation in a subscriber line to prevent subscriber reception of a specific channel (while allowing reception of all other channels). Model 3335 has a notch attenuation of 30 db minimum, and a 3 db bandwidth of ± 7 MHz. The housing for the stop band filter is exceedingly compact (1.4 x 1.4 x 2") and has F series connectors in and out.

The device has built-in temperature compensation, so that there is no more than 2 db notch depth change within the temperature range 4-135 degrees F.

Information is available from Emily Bostick, Microwave Filter Company, 6743 Kinne Street, East Syracuse, New York 13057.

In a world by itself! it's UNREEL™



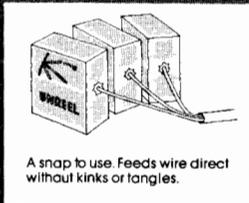
The incredible new package that dramatically slashes the installation cost of wire and cable. There's nothing else like it.

- Dispenses wire right from the package.
- Feeds directly into conduit for easy tangle-free installation.
- No snarls or backlash. Wire flows freely and stops instantly when pulling stops.
- Cuts man-hours in half.
- No reel inertia to overcome on stop and start.

- No need for any tensioning devices.
- Saves space in transportation and at job site.
- Just throw away the package when empty — no reels or spools to return.

Put UNREEL to work in your world. Call your Belden distributor or write: Belden Electronic Division, P.O. Box 1100, Richmond, Indiana 47374. Phone (317) 966-6681.

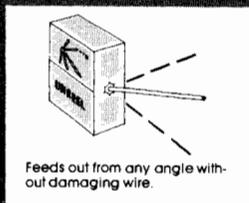
8-8-4J



A snap to use. Feeds wire direct without kinks or tangles.



Saves time. No reels, spools or pipe racks to drag back and forth.



Feeds out from any angle without damaging wire.

BELDEN 

UNREEL... in a world by itself

INSIST ON THE ORIGINAL VAN LADDER!



Mounting Available For

☞ Standard Vans and Pickups!

☞ Small Vehicles (Toyotas, Luv, Courier)

AND . . . LEASE-PURCHASE PLANS!

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vehicle

*\$115.00 per month, 4 year, on your
vehicle

VAN LADDER — the **original** light-weight, heavy duty (and OSHA acceptance-engineered!) system for elevating a man and equipment to pole line CATV equipment. There is **none** better than the original.

VAN LADDER, INC.

P.O. Box 709 Spencer, Iowa 51301

For full information — call toll free 800-831-5051

“Now I can have a red-hot story without burning a hole in my budget.”

“Managing a CATV station is a little like having three heads. I’m the boss, the news department and the commercial production office all rolled into one. But even a three-headed man gets only one paycheck, and we have to cut expenses wherever we can.



“The one thing we don’t have to hassle with is this Kodak Supermatic 200 sound camera. At less than \$426, it’s relatively inexpensive. And, let me tell you it’s one smart investment.

“It not only shoots lip-synch super 8 sound movies, but the built-in recorder gives me on-the-scene voice-over capabilities. You can also postdub a voice-over, music, or other effects on a recording projector. There’s a 200-foot magazine for continuous shooting and a 50-foot magazine for shorter stories.

“There are no lights or cables. But I do keep an extra film cartridge and batteries in the glove compartment in



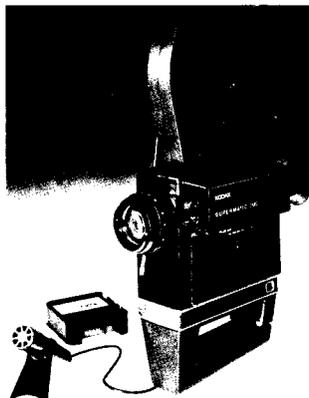
“Whether you’re on your way to a three-alarm blaze or a three-legged race, the Kodak Supermatic 200 sound camera can bring it home on economical super 8.”

case the news of the century breaks on my way to work.

“If you want to know more than I’ve told you, just

clip out this coupon. As for me, I’ve got a story to put on the air.”

Price is subject to change without notice.



Kodak Supermatic 200 sound camera.

Eastman Kodak Company
Department 640
Rochester, New York 14650



Please send me more information on the Kodak Supermatic 200 sound camera.

Name _____

Station _____

Company _____

Address _____

City _____

State _____ Zip _____

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NEW ORLEANS!

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AT BOOTH #92... FOR THIS
YEAR'S NCTA SHOW!

DON'T PASS IT UP!

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WALLINGFORD, CT
(602) 278-5576
PHOENIX, AZ.



TIMES
Wire & Cable

SUBSIDIARY OF
Insilco
Home Products



You can use Wavetek's 1850 sweeper and 1860 receiver to check out and maintain an operating CATV system and the subscribers will probably never see a thing. Because the 1850 has the same incredibly fast (1ms) sweep pulse that our

1801A offers but we've simplified the controls for faster set-up, put the electronics into rack configuration for head-end installation and greatly lowered the price. In fact, you can get both the sweeper and the receiver for about \$1725. The price seems even smaller when you consider that the sweeper can be remotely controlled from the field and that the receiver has a tuned RF circuit for triggering a scope and an equalization network for test point and drop cable compensation.

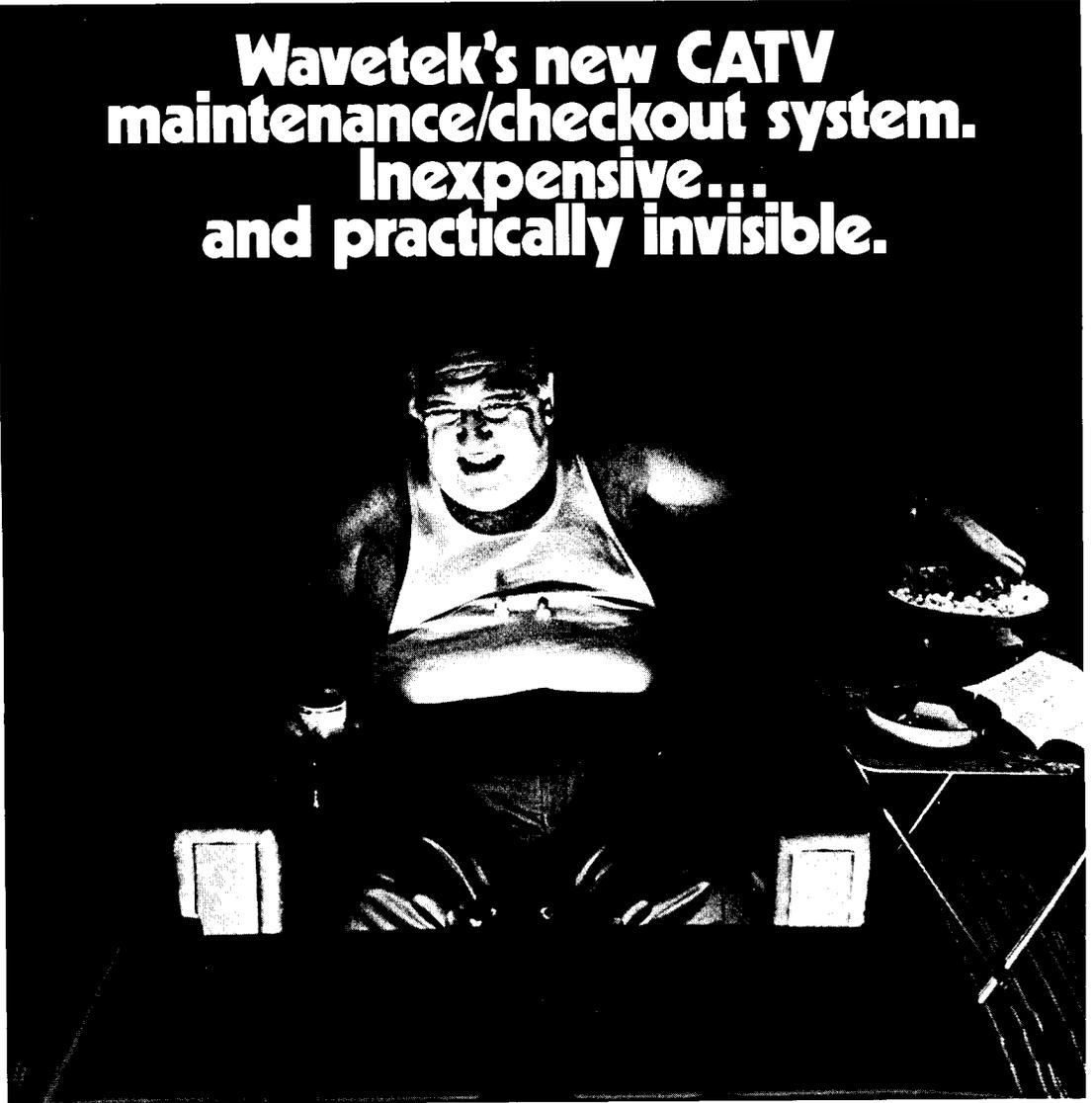
So if you want to see how your system's doing without your subscribers

seeing that you are, (and you can't see spending a bundle of dough) we've got your numbers: 1850 and 1860. Send for complete specifications or call us collect to discuss your particular plant maintenance problems.

WAVETEK®

INDIANA INCORPORATED
P O Box 190, 66 North First Avenue,
Beech Grove, Indiana 46107.
Phone (317) 783-3221. TWX 810-341-3226.

Wavetek's new CATV maintenance/checkout system. Inexpensive... and practically invisible.



CATV EXISTS BECAUSE THE FCC DROPPED THE BALL!!!

WHY CATV EXISTS

In the March issue of CATJ we recounted the history of FCC handling of television allocations. The Commission variously attempted to provide (a) one television channel service to every American home, (b) two television channels of service to as many of *these homes* as possible, and, (c) three, four or five (or more) channels of service to as many of *these homes* as possible.

With some pride (or ignorance), the FCC today points at the present state of the television broadcast industry with a "see how well we did" attitude.

Well, *the Commission did not do well*; not when you consider how *much better* they could have done. The Commission started with a clean slate in 1945-46. Unfortunately, they had very poor information to work with, and as they say in the computer biz, "*garbage in equals garbage out.*" So in 1948 the garbaged allocations table came home to roost, frightfully close to Washington, D.C. (see March CATJ, Page 13). And that shut the industry's growth down.

Then followed a period of nearly four years in which the Commission found every possible excuse not to get television moving again, finally deciding that a new allocations table would *have to be* based as a start on the then *existing* 107 television stations authorized and on the air. Once again, "*garbage in equals garbage out,*" and the allocations table released by the Commission

in 1952 had plenty of garbage going in. For example:

- (1) **VHF and UHF channels were freely inter-mixed in many (most) markets, and the world was not then ready for UHF** (some say it still is not ready!);
- (2) **The Commission tried to build an allocations table around the concept that every area should have its own (local) television outlet; a false premise if there ever was one, because of the complete failure to consider the economics of building and operating a television station in Ely, Nv.;**
- (3) **Pressure from educational broadcast interests forced the Commission to give away many valuable VHF channels in markets where the VHF channel was much more important to the successful development of a viable, competitive local television service than it was (or would be) to the development of a perfectly adequate ETV/PBS service;**
- (4) **The Commission adopted rigid regulatory postures in handling any and all deviations from the sacred allocations table of 1952, and refuses to accept (or admit) to this day that the allocations table is substantially the cause of many (or most) of their problems with CATV and adequate television service (an objective to shoot at) for rural America.**

The Commission's allocations table started out with the premise that the top 140+ marketing centers of the nation should have (if possible) four commercial TV channel allocations. Where

possible, these would be VHF allocations; where not possible, they would be UHF. Initially, VHF and UHF were mixed up on the (false) premise that UHF would work *just as well* as VHF. Now calculating the top 140+ marketing centers in the nation should be no big trick: simply take population centers, measure the economic activity in each, and rank them according to the people-dollars spent annually in each.

If the initial 140+ market centers the Commission worked with were ever defined for outside scrutiny, such a list has escaped our editorial research here at CATJ. We believe, however, it is *reasonable to assume* that the top 140+ market centers of 1949-1952 would *not* be the same as those which ARB, or others, set forth today. A market center in 1975 is variously defined as "the trading area served by one or more television broadcast stations." In a very real sense, the existence of trading areas in 1975 (i.e. market areas or market centers) is almost *wholly dependent* upon the combined *coverage areas* of three or more on-the-air television stations. In the eyes of most market research people, anytime you have a "*cluster of three or more television stations providing three networks of service, you have a market area.*"

Some of these clusters are pretty idiotic, and they stretch credibility just a tad. For example:

(1) **Hartford/New Haven (Ct.)—Market number 21.** From the center of Hartford to the center of New Haven is 59 miles, across a good part of Connecticut. Hartford has a population in excess of 158,000 and New Haven a population in excess of 137,000. Hartford is allocated channels 3, 18 and 61 (sufficient for three network stations), while New Haven is allocated channels 8 and 59 for commercial use. When New Haven's 8 and 59 are grouped with nearby Bridgeport's 43, New Haven also has three commercial channels, again, sufficient for three network stations. But the market is inter-mixed (i.e. VHF and UHF), so channel 3 VHF became CBS, channel 8 VHF became ABC, and two stations (one serving

Hartford and one serving New Haven) on UHF became NBC. The wide area coverage of the channel 3 CBS station and the channel 8 ABC station make this a single market in the eyes of people who calculate such things, even though NBC requires two UHF affiliates to cover the "market."

(2) **Harrisburg/Lebanon-York-Lancaster (Pa.)—Market number 53.** If you left Harrisburg, drove to Lebanon, headed south to York, back through Lancaster, to your starting point in downtown Harrisburg, you would travel 139 miles. The "market" has one ABC station (in Harrisburg), one NBC station (the only VHF station in the market), and three (count them friends!) CBS stations (one each in Lebanon, Harrisburg, and York). What makes this 139-mile round trip circuit a "market"? Probably the wide area coverage of Lancaster's channel 8, although its large VHF coverage area is filled-in by bits and pieces of up to three competitive network affiliates (CBS).

In the top 146 markets, there are 22 "markets" created by the happenstance location of VHF (or UHF) stations that provide the three basic network services, that include two or more distinct and separate communities with these communities located *50 miles or more apart*. (There is also the 30-mile separation of Plattsburg, New York and Burlington, Vt. — Market number 120 — where to travel between the two towns in the market you must ride a nine mile ferry across Lake Champlain!)

But the really gross misuse of federal power shines through in North Dakota, where the statisticians have created the "Minot/Bismarck/Dickinson Market" (number 136). For those who have never traveled this part of the world, about the fastest (i.e. good road) route from Minot to Dickinson is through Bismarck. Now from Minot to Bismarck is a mere 112 miles. On to Dickinson, however, is another 93 miles, *making a total of 205 highway miles* to travel from one of the three cities in the "market" to one of the other cities in the "market."

Naturally, even in North Dakota with tall towers, no *single station* can deliver Grade "A" pictures into all three towns. But the North Dakota broadcasters are pretty sharp. And it goes like this:

- (1) **KFYR, Bismarck, NBC operates two satellite stations. KMOT serves Minot with NBC programs (KFYR satellite), while KUMV serves north western North Dakota with KFYR-NBC programs.**
- (2) **KXMC, Minot, CBS/ABC operates satellite station KXMB, which serves Bismarck, and KXMD, which serves the same area as Bismarck's KFYR-operated satellite KUMV.**
- (3) **KDIX, Dickinson, ABC/CBS doesn't own any satellites (yet), so it just serves Dickinson and the surrounding wheat fields.**

Now between KFYR, KXMC and KDIX, the Washington statisticians figure they have a *market*; even though dual-affiliates KXMC Minot (CBS/ABC) and KDIX Dickinson (ABC/CBS) may both be carrying CBS's *Maude* at the same time (thereby leaving the "market" without an ABC program for that period). To rub salt in the wound of the local residents, neither KXMC Minot nor KFYR Bismarck *even reaches into Dickinson* with as much as a Grade "B" signal, so the Dickinson part of the three-part market doesn't even have two (not to speak of three) network service. Naturally KDIX Dickinson does not reach into either Bismarck or Minot, so they have at best two networks of service at a time.

The examples of statistical misuse of "market designations" abound in the television allocations table. The Bismarck/Minot/Dickinson example is one of the most flagrant examples of misuse of statistical power. The FCC wants a *market* to be an area served by at least three networks of service. Obviously someone stretched a few *facts* in the North Dakota example; they traveled over a 205-mile highway

route to find three stations that have three separate network affiliates *and called it a market*. What makes matters worse is that Bismarck has allocations for channels 5, 12 and 17 (i.e. one for each network), Minot has allocations for channels 10, 13 and 14 (i.e. one for each network), and Dickinson has allocations for channels 2 and 7 (i.e. one for each of two networks). *But as long as the FCC propagates the absurd definition of the 205-mile-long "market," none will ever see three networks of local service.*

On the other end of the string is Albany, Ga.; Market number 144. Albany has three channels allocated (i.e. one for each of the three networks), but even today only one channel is active (WALB, channel 10). The two remaining allocated but fallow channels are, *you guessed it*, UHF channels 19 and 31. Somehow, in the federal mentality, Albany is a market all by itself (many others are also); probably because even by *stretching mileage* as they did in North Dakota, they could not find two more stations to group into a *three-station market*.

This would be a good point to re-emphasize that when the Commission proudly unveiled the master allocations table in 1952, the whole pitch was for "local television outlets to serve local needs" in a couple of thousand communities. The concept of regional television coverage was shunned in favor of local television outlets/coverage. In the ensuing 23 years, this whole concept has all but been abandoned by the constant pressures of the three networks to group stations into regional packages which advertisers address as "markets." In 1954, the famous *Plotkin Memo* (see Page 16 of this issue of CATJ) brought down the wrath of network New York on the Commission and perhaps the Senate when it "*dared to seek vital information concerning*

network affiliation agreements vs. station coverage zones." That was the *only* time network domination of the FCC allocations program was ever seriously endangered; the accusations of the Plotkin Memo sank as fast as they surfaced, under pressure from Republican members of the Magnuson Committee.

So CATJ makes this accusation to the FCC, Congress, the networks, and whomever else may be listening:

"The FCC got itself into the present allocations mess, which must include the dishonorable manner in which the Commission has handled the UHF parity question, by allowing itself to be subservient to the major networks. Perhaps the Commission was never really aware of what it was the networks

were doing to the public airwaves, although that seems incredulous in perspective today. Perhaps the networks are so sharp and so smart that they have totally cloaked a poor, unsuspecting FCC in layer upon layer of self-serving public interest. If this is true, then the best that can be said for the Commission is that it has to be one of the truly great dumb federal agencies of all time. On the other hand, if there have been past (or present) members of the Commission who have determined on their own that the networks were really running the show for them, and they have not done something about it, then the best that can be said for the Commission is that they have advocated public interest on one hand and acted to support private network interests on the other hand. And that is dishonest discharge of their responsibility to the American public; pure and simple."

People Power vs. Network Power

RURAL AMERICA HAS NEVER GOTTEN A FAIR SHARE OF TELEVISION PROGRAMMING

In May 1949 FCC Chairman Wayne Coy met with a small group of CBS affiliates in New York City. He told them:

"People do not live just in cities, they live in those areas between the cities as well. And those people who live between the cities have the same right to be informed and entertained as those living in the cities."

A month later, at the annual NAB meeting in Chicago, FCC Chairman Coy told his broadcaster audience:

"The trend is towards television. Television is a new force unleashed in the land. I believe it is an irresistible force. It is a technological discovery which the people want and demand. It is not something which you have to high pressure the public into buying. In those metropolitan areas where it is al-

ready available, it has met with sensational acceptance.

But don't think that the people outside the metropolitan areas are going to be content to grow old gracefully, while TV passes them by. The day of the hinterland, the provinces, the backwoods, and the 'sticks' of America has passed."

Chairman Coy, an inexhaustible public speaker, appeared next before the New York Rotary Club where he said:

"Television is a revolutionary new type of broadcasting. It will speed our industrial processes, facilitate our merchandising methods, stimulate and inform the mass of our population. This electronic miracle will raise our American standard of living to new heights.

The American people have taken this new art to their heart with such enthusiasm that

they have dug down into their pockets and already purchased more than a half billion dollars worth of receivers. They are, in fact, buying the receivers as fast as they roll off the assembly lines."

The fact that mass communications (radio and television) was going to reshape the "*standards of America*" did not pass by unnoticed in the United States Congress. A non-television matter before the Commission in 1949 offered United States Senator Edward Johnson (Colorado) of the Senate Commerce Committee an opportunity to drub the Commission. The FCC was considering making select authorizations of power increases, from 50,000 watts to 500,000 watts, for so-called clear channel AM (standard) broadcast band stations. The Colorado Senator said:

"Such an action by the Commission will concentrate control of the (broadcasting) industry in three or four New York and Chicago corporations which own 15 major (clear channel) stations.

The bewildered Commission is bogged down in the technicalities and red tape of their own creation. They are guilty of delaying processing of new broadcast applications, and of bypassing their own regulations when it suits them to do so."

In 1951, while the FCC was wrestling with the new television allocations matter, Frieda Hennock of the FCC Commission launched a fight to secure for the nation's educators a permanent reservation of 25% of all of the new (to-be) allocated television channels. Speaking before the New York Women's Advertising Club, the Commissioner said:

"The Commission, and I am a part of it, must fulfill our statutory mandate under the Communications Act of 1934. We are obligated to constantly study new uses for radio, provide experimental uses of frequencies, and generally encourage the larger and more effective use of radio in the public interest. The Commission has a duty to look into the future. We cannot be content with what we have here today. We must look towards tomorrow, to see what new developments radio may bring

to make us more secure, more happy, and more comfortable.

Congress has been quite explicit in defining the duties of the FCC. It is our duty, as assigned by Congress, to see that the valuable domain of the airwaves, the property of the people of the United States of America, shall be constantly utilized in the public interest. And this means nothing more, nor less, than those uses shall be for the benefit of the people of the United States.

The burden for the improvement of the quality of American broadcasting lies squarely on the shoulders of the public and the broadcasters. Every citizen must take broadcasting seriously, for it will, in any event, have a great effect on our lives and the futures of us all."

The burden of self-responsibility, handed to the broadcasters of the early 50's by the FCC, was more than some Senators could stomach. Senator William Benton proposed a bill which called for the formation of a National Citizens Advisory Board on radio and television. The Senator said:

"Now, when television is still in its infancy, would be the best time to do some wise and thorough thinking about what we are going to do with television, so we can lay down the optimum guidelines for its development. If we miss it now (1951), we may not only miss it for a generation, but for keeps. This Advisory Board would perform an annual review of how the licensees of radio and television stations are living up to their responsibilities for public service and education, and how they are performing in line with the promises they made when they applied for their licenses. There is no viewers or listeners lobby in Washington, and the FCC has neither the time, nor authority, to actively seek out, marshal, and crystallize public opinion."

The question of public interest (broadly defined as that which is in the best interest of the public) came up again in the middle of the FCC's hearings on approval of a color system for the nation. During one session of FCC hearings, NBC President John H. McConnell told the FCC:

"If you approve the CBS color system, which does not produce black and white pictures on regular (i.e. not specially equipped)

black and white receivers, broadcasters would be unable to transmit color during the choice (prime was not the word then) evening hours because there would be a substantial loss in audience for black and white receivers not equipped with converters for the colorcasts."

The implication that this would slow down color acceptance (i.e. no choice time color programming), and disenfranchise the large public sector without special color receivers or converters was clear.

The possibility that the United States Supreme Court would get squarely in the middle of "public interest vs. the FCC" arose in the high court's review of the FCC award of color standards to the CBS field sequential system. In mid-1951 the high court ruled that the FCC was correct in their assumption of the right to set and approve color TV standards. However, the Court *also* said:

"The CBS field sequential color system utilizes old knowledge, and this system has created a focal point of contention by those who declare the mechanical wheel is an antiquated system. It is a fact that existing (black and white) receivers are not constructed in such a way that they can, without considerable adjustments, receive CBS colorcasts, either in color or in black and white. This makes the system incompatible with millions of receivers now in the hands of the public. The wisdom of this (FCC) decision can be contested, as shown by the dissenting vote of two Commissioners.

However, courts should not overrule an administrative decision merely because they disagree with its wisdom."

So the high court found the Commission correct in their assumption of authority to prescribe standards and approve a system that performed according to those standards, but it also found the FCC lacking in wisdom for approving the CBS color system. In a word, the FCC had made a dumb decision, and potentially millions of TV receivers would pay the price.

During this era of handling the future of the nation's television air-

waves, perhaps the most searing indictment of the FCC's handling of the public responsibility came during 1955. Senator Warren G. Magnuson, through his Senate Interstate and Foreign Commerce Committee, was right in the middle of another round of investigations of the FCC's handling of the UHF/VHF allocations tangle. An aide in the Senate Committee, former FCC Staff Attorney Harry M. Plotkin, released to the Committee something later dubbed the *Plotkin Memo*. In it, Attorney Plotkin said of the problem:

"The public has a legitimate interest in the way that network affiliations are granted. In the first place, the network (exclusivity agreement) tie is a most valuable asset for all television stations, and is the difference between success and failure for stations.

UHF stations are having great difficulty in securing network (affiliation) service, and unless they are able to secure such service on a fairly extensive scale, successful UHF operation is very difficult. There is a good prospect that a large part of the radio spectrum will go unused.

Television stations and networks tend to cloud the matter of program duplication on two (or more) outlets simultaneously as a very touchy issue. They don't want to talk about the standards that networks initiate to determine where duplication does and does not take place.

Accordingly, networks should be required to publish and file with the Commission the standards they purport to follow in determining what is excessive duplication of service areas, in awarding network affiliations."

Picking up on the Plotkin Memo theme, the Senate Interstate and Foreign Commerce Committee's Majority Counsel, Sidney Davis, tried to run with the ball. He urged the Committee to:

"...institute a full hearing into the network ties with advertisers, agencies, advertising rates, discounts and multiple ownership, program packages, and other allied problems."

Davis was hoping to get sufficient data to get to the root of the difficulties which UHF stations were having in

staying on the air and serving their publics. Officially, Davis resigned from his post as Majority Counsel because of "ill health". But everyone in Washington knew that his insistence that all program and network affiliation problems be looked into was heavily opposed by many of the Republican members of the probe group. So, the investigation into program affiliation practices *never did* take place, even after the firey Plotkin Memo had opened the door a crack.

While this investigation was moving along, Senator Magnuson took another swipe at the FCC's lack of action to provide assistance to the UHF telecasters, who were by 1955 leaving the air faster than new stations could replace the drop-outs. Magnuson told the Commission:

"The Commission has a real and moral responsibility to inform the public as quickly as possible as to what the FCC expects to do about de-intermixture (i.e. separate areas for VHF and UHF). Every day the Commission delays such a pronouncement, large sums of money continue to be invested by the public in converting, or purchasing, sets so that UHF signals can be received. Yet, if the experience of the past two years (i.e. substantial numbers of UHF stations leaving the air) is any guide, many of these people may be making a futile expenditure."

When the Senate Commerce Committee became embroiled in the intense on-going study of why the Commission's UHF plan was failing, the Chairman of the Commission, George C. McConaughy, was testifying before the group. The Chairman was attempting to explain all of the problems the Commission was having when Senator Pastore interrupted him saying:

"These explanations don't suggest you people know what you are really doing. We have got to act fast and get the allocation problem really straightened out, once and for all!"

This was in early 1956. More than one year later, the hearings dragged on, and the FCC was still promising to

correct the problem. The "current plan", in the early months of 1957, was to create zones of UHF stations and zones of VHF stations (an early form of de-intermixture). The VHF stations who were being "requested" to move to UHF (so as to create all UHF service in their respective areas) were clamoring loud and long at the time. One FCC Commissioner, John C. Doerfer, tired quickly of the cries of protest from the established VHF stations who would be required to move with the plan, and the UHF stations crying for help. Finally, he made a double edged statement that ended up being basically in favor of the establishment. Doerfer said:

"Yes, the spectrum does belong to the public, not the broadcasters. Nevertheless, the prior claims of those entitled to a first service and an equitable distribution of unequal facilities are now to be subrogated for the competitive well being of a few broadcasters."

Doerfer was saying, "Yes, we recognize that VHF/UHF intermixing is a bad program; and sure, the public is the loser when stations come on the air, stay on for awhile, and then go off. But why should we try to penalize the early stations just to straighten this mess out?" In the end, this view was to carry four Commission votes, and the de-intermixture program would be set back many more years before technology would bring UHF up to VHF.

All in all, during the period 1948-1957, there really were very *few* statements made about the airwaves being public property. FCC Chairman Wayne Coy, prior to his departure from the FCC in 1952, eluded the fact that the public was entitled to *service from the airwaves*. He would never go so far as to come right out and proclaim the tenants of the Communications Act of 1934.

FCC Commissioner Frieda Henneck liked to lean on the 1934 crutch, especially when she was out *selling* her favorite topic, *25% of all channels being reserved for ETV*. Basically, to Com-

missioner Hennock, the airwaves *were* the public's property. But she felt the educators were a *better grade of public* than the average guy walking down the street, and therefore more entitled to *special* services.

A handful of Senators waved the public flag during those years, but strangely none mounted the soap box permanently. They merely used it as a stepping stone in their travels. Senator Johnson (Colorado) came the closest to being an on-going supporter of the public's rights to the airwaves, although he stopped short of that by standing just a little bit to the right of Chairman Coy and contending that the public had *the right to the services of the airwaves*. Senator Johnson was clearly disturbed by the possibility that a handful of major corporations might one day end up controlling the airwaves. Unfortunately, he had left the Senate to become Governor of Colorado by the time Senators Magnuson and Pastore put on their questionable shows for the press in 1954-57.

Senator Magnuson displayed most of *his* concern for the public investing money in worthless UHF receiving equipment should the Commission abandon UHF (it *was* talked about for awhile). He was *interested* in the public interest, but he stopped far short of believing the airwaves themselves were public domain.

Senator Pastore just wanted to *get* things straightened out. By 1956 he was tired of being on the hot seat, and had lost confidence in the expertise of the Commission. His will later prevailed when an ad hoc committee of industry people (again, many large broadcasters) was impeaneled to develop recommendations *separate* from the Commission (see companion report in the March issue of CATJ: *The UHF Fiasco*).

There are some who might place the people's sword in the hands of Senator William Benton, who in 1951 proposed

the *Citizens Advisory Board on Radio and Television*. Benton was less concerned about the public being served, than he was about the public being *mis-served*. The Director of Federal Prisons had prevailed on Benton to "give some thought to the quality of television programming", because in the director's *personal* view "the overabundance of murders and muggings on television is going to turn our society into a police nightmare". The prison's director wanted violence toned down on television, and to Benton, that meant that someone had to set up an agency to monitor station programs (and program performance). He either felt the 1934 Communications Act barred the FCC from entering the program censorship arena, or he thought the world needed another federal agency, when he drafted his bill calling for such a committee. The bill never got off the ground. Senator Benton was right about one thing when he said, "*If we miss the opportunity* (to lay down some optimum guidelines for the development of television now—1951), *we may miss it not only for a generation, but for keeps*." In the ensuing generation, television violence has of course increased, and its permissiveness has expanded twenty fold. One cannot help but wonder how Senator Benton and the Federal Director of Prisons would view the current ABC hit "HOT L Baltimore"!

Finally, there was the Plotkin Memo. Young Harry apparently scared the pants off of some pretty important network people in New York. His memo, when first handed to Senator Magnuson, created a sensation in Washington. It scored NBC and CBS for their dominance of the airwaves. Senator Magnuson was so upset by the Memo's accusations, that he *ordered copies immediately transmitted to the Department of Justice and the Federal Communications Commission*. The FCC was specifically asked

by Senator Magnuson to "set up a continuing investigation into this matter and the (Plotkin) recommendations offered, and to submit reports every 60 days to the Senator, with a final report in 180 days".

Of course, the Commission did nothing of the sort. More than a year later, Attorney Sidney Davis, saddled with making sense of the Plotkin Memo recommendations, would "resign due to ill health" when he tried to push for open

hearings of the network practices of that time.

Today, Harry M. Plotkin is a partner in the Washington law firm of Arent, Fox, Kintner, Plotkin and Kahn. Plotkin's firm, according to FCC records, represents very *few* television broadcasters. It seems *the networks have a very long memory.* Maybe some day Harry Plotkin will tell it like it really was. It would make interesting reading, and would perhaps make good testimony.

Let's Talk Specifics

RURAL TV TODAY—22.4 MILLION FORGOTTEN HOMES

RURAL TV TODAY

All right, so the FCC has (with the able assistance of the networks and the marketing measurement people) created a gerrymandered allocations table that purports to make television service available to virtually all of America.

FCC Chairman Wayne Coy, in 1949, made the comment that "*rural people are important people too*" and that he doubted "*they will be content to see the miracle of television pass them by.*"

Naturally they have not been content, and where the federal government has not provided for them, they have, rightfully, provided for themselves. While many of those unserved homes *depend* upon Community Antenna Television Systems, many additional rural residents depend upon something called a "booster," or as it is now known, a "television translator."

A cable system utilizes none of the public airwaves. It receives television signals on a tall tower or atop a nearby hill and carries the received signals to the nearby homes through a secure (i.e. enclosed) piece of (coaxial) cable. Unlike broadcast stations, which occupy their "share" of the public broadcast spectrum, CATV systems communicate (or send) signals from their antenna-receiving site to the inter-connected homes entirely *within the private* (i.e. not public) *spectrum* of the system's coaxial cable. CATV systems are therefore very *efficient* communication systems, because they communicate without borrowing or sharing any portion of the FCC-regulated airwaves. Clearly, the basis for regulation of CATV cannot be the mere occupancy of (radio/television) public spectrum space, because CATV occupies none of the spectrum! Yet the basis for

the 1934 Communications Act (and the forerunner, the 1927 Radio Act) was *the orderly control* (through regulation) of the private use of *the public radio spectrum*. How the Commission backed into the regulation of CATV and assumed authority for CATV regulation is discussed further on in this issue of CATJ.

A television booster, or translator, on the other hand, *does utilize a portion of the public spectrum*. Under the 1934 Communications Act, the FCC is clearly charged with regulating and promoting the most efficient use of this "spectrum" of public property.

A television booster/translator locates its receiving antennas atop a tall tower or on a local hill/mountain, just as a CATV system does. Then it *rebroadcasts* (through the air and within the public airwaves spectrum) the received signals. It avoids interference by rebroadcasting signals on different channels than it receives on; for example, a television signal on channel 2 may be rebroadcast by a translator on UHF channel 55. Residents of the area near the booster/translator tune their receivers (antennas, etc.) to channel 55, for example, to receive the original broadcast that left the television station on channel 2.

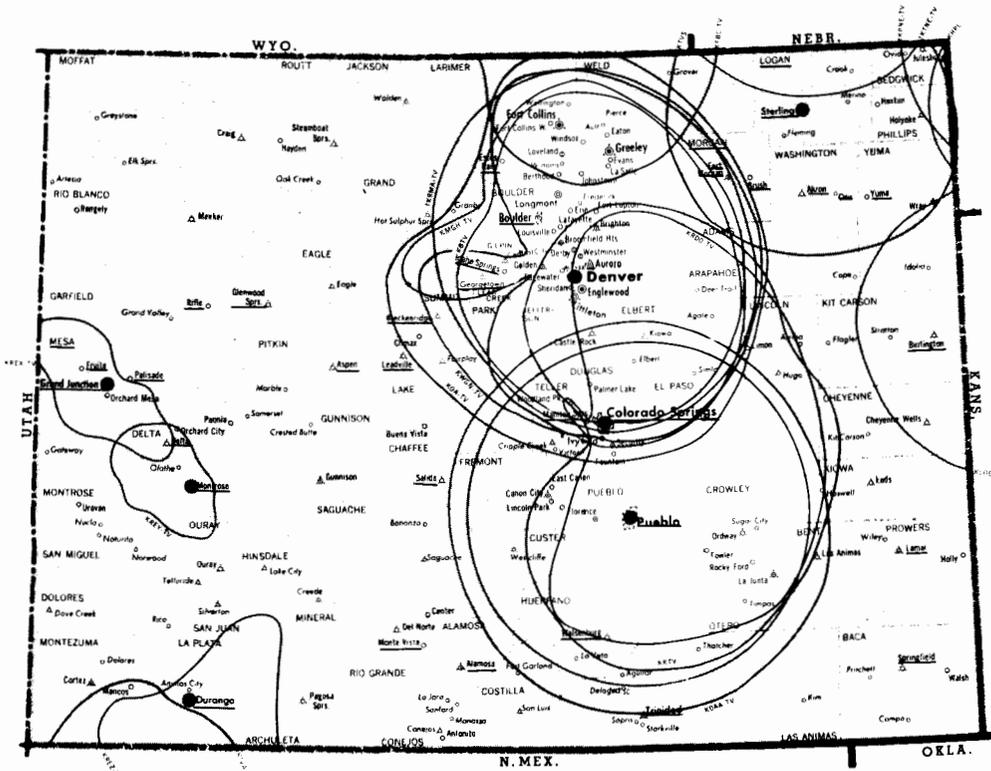
Because translator signals are broadcast into the air, all that anyone in its operating/coverage area needs to receive its broadcasts is an antenna and a receiver, both of which are located *on the premises* of the viewer. This creates a problem for financing of translators. Where a cable operator has a very quick and convenient method of disconnecting cable subscribers who refuse to pay for the service (i.e. simply unplugging the home from the master system), a translator system entrepreneur does not have that option. When someone does not wish to pay, he continues to receive the benefits of the translator unless the *translator itself* is shut off, in which case *all*

of the viewers in the area lose service. There is no "selective way" for a translator operator to cut off one non-paying viewer, anymore than there is a selective way for WNBW in Washington to selectively decide that certain viewers in Chevy Chase shall not receive WNBW, for example.

Translators began in the West, where residents of states such as the Dakotas, Idaho, Montana, Colorado, New Mexico, and Utah simply took matters into their own hands. The technology for constructing booster/translator TV signal repeating devices was widely known. The equipment to piece together such a device was readily available off the shelf (much of it came from the CATV industry of that era). All a man needed was a half dozen ready-built electronic boxes, some cable to connect them together, and a set of antennas; one to receive the distant broadcast and one to re-transmit the broadcast over his community or valley.

Because boosters/translators utilized public airwaves and had the *potential* ability to produce interference to *other* communication services, the FCC got very interested in them as soon as they sprang up in the mountain states. It did what you might expect: it sent out a warning that such devices *were illegal*, that is, they were operating transmitters which had *not* been licensed by the FCC and that they were to be shut down. *Promptly*.

Well, it was easy for Washington bureaucrats to issue such a statement. After all, they sat in the comfort of their snug Washington offices, and they had all of the television they wanted at the mere flick of a switch. But to residents of Coaldale, Co., the FCC statement was absurd. To the people of Coaldale (population 50), television had been a long time coming. What's more, they knew that they were *never* going to have television signals in their town *unless* they pro-



COLORADO – Not surprisingly, large portions of Colorado are outside of direct reception range of the three networks (shaded areas). In fact, more than 64% of the state, by land area, is outside direction range of ANY television station.

vided for them on their own. Shutting off their “booster station” was not a *temporary* deprivation of television; it was a *permanent* loss. Without the booster, *there never would be television to Coaldale!*

When the FCC’s field engineering office in Denver set out to enforce the Washington order, they (literally) ran into armed resistance in places like Coaldale. It didn’t take long for word to get back to Washington, and a few Senators who heard from irate small-town folk wasted no time issuing a statement to the FCC. Senators Wayne Morse, Warren Magnuson, and Henry M. Jackson told the Commission in the fall of 1955:

“... this situation exists because the present rules of the FCC represent a stumbling block to the installation and operation of short-range, inexpensive booster stations needed in these rural communities. We urge

that the FCC promptly establish a set of rules so that small towns can have service that larger communities have, without interference.

“It is the responsibility of the Commission to make television service available to everyone, and the citizens of small communities should not be penalized because of the slowness of the FCC in formulating a set of regulations...”

Again, this was in the *fall of 1955*. When Senator Pastore conducted hearings in 1956, the FCC said they were “looking into a new type of service they called translators,” to make television service possible for small communities. But the Commission had not *yet* learned the UHF lesson, and they were proposing that *all* translator devices be confined to UHF channels. They kicked around numbers before Senator Pastore’s committee, like \$10,000 per channel for a community,

but no one thought to ask how a \$10,000-per-channel translator made any sense for Coaldale, Co., population 50.

So the FCC "studied the problem" and tried their best to enforce the Washington-issued order to shut down all illegal boosters/translators. And very nervous FCC field personnel scoured the West looking for people who had the nerve to go out on their own and install "illegal boosters"; shutting them down, *and later confiscating the equipment*, wherever they were found. Hundreds were tracked down and shut off. And as fast as the federal agents shut one down on a ridge east of town, the townspeople would build a new one on the west ridge of town turning it back on as soon as the federal people left town. Enforcing the anti-booster regulation was about as much fun and as successful as enforcing prohibition!

By early fall in 1956, Colorado's new Governor, former United States Senator Ed Johnson (recall that Johnson served as Chairman of the Senate Interstate and Foreign Commerce Committee), issued a *state proclamation* that put Washington on notice, by releasing a trio of executive orders:

"...This office (the office of Governor) hereby proclaims that the continued television service made possible throughout the State of Colorado by devices variously known as boosters, repeaters and translators, shall, by executive order, be allowed to continue in operation; not withstanding the existence of federal orders issued by the Federal Communications Commission to shut these units off and to dismantle them."

The FCC Legal Department backed *way off, in a hurry*. For the time being, they were content to let the courts look at the matter, because as one FCC attorney said, "We have no desire to tangle with Governor Johnson." The Governor said things like "Colorado is going to test the arbitrary and incomprehensible action of the FCC to deny

52 REPORT/ORDER CATASTROPHE

Of the present FCC Commissioners, none were serving in 1952 when the Sixth Report and Order (1952) established the television allocations table. But one Commissioner (**Robert E. Lee**) was seated at the FCC when the first repercussions of that Report and Order came up in 1953-55.

Commissioner Lee told a dinner meeting of the IRE on February 16, 1962, "I did not participate in the Commission's Report and Order of 1952, but I would be no less critical than I am today were I to have been solely responsible for its errors. The ancillary tragedies which have occurred since 1952 have caused me to believe that **no single decision** of the Commission **has been so catastrophic**."

When the Commission spurned the advice of industry experts and adopted a television allocations plan intermixing VHF and UHF channel assignments in the same market, it **unwittingly** preserved virtually the same television monopoly that existed prior to the television freeze."

That the Commission **unwittingly preserved** the monopoly is of course open to question. That the Commission "**spurned the advice of industry experts**" in adopting an intermixed plan is also open to question. Many industry experts, CBS and NBC among them, thought the intermixing plan was '**just fine, thank you,**' provided they got their VHF affiliates in **each** intermixed market. And if other experts argued very loudly before the Commission between 1949-52 for non-intermixing, such arguments escaped the thorough research work CATJ did in preparing this report (see March CATJ, Pages 10 to 25).

entertainment and education to the people of isolated areas"; and the voters loved him for it.

Meanwhile the Commission *rushed* out its program for an all-UHF translator program, for areas like Colorado, they said. Former Senator Johnson

was still close to Washington when the first UHF licensees started trooping back to Washington with licenses in hand, to turn their licenses in while they were on their way to the unemployment line and to file for bankruptcy. Governor Johnson knew well *what a fiasco* UHF was turning out to be, and he wanted no part of it for the Coaldales of his state. So he told the Commission:

"Your approved (UHF) translator plan may be splendid for the Atlantic Seaboard, but it will not work in the Rocky Mountains. What is wrong with two different systems in this country? Just because you have found something that you believe may fit the areas with which you are familiar, please don't force it down our throats arbitrarily. Why are you picking on us mountain folks? We are people too!"

By the *fall of 1957*, the problem was *still not solved*. The FCC was still intent on making a UHF translator service work, just as it was intent on making a UHF broadcasting service work; even if it bankrupted hundreds of television broadcasters (who were foolish enough to try UHF) in the process. So in the fall of 1957, a new Governor of Colorado, Steve McNichols, took up where former Governor and ex-Senator Johnson had left off. Again a Colorado Governor appealed to the FCC bureaucrats, with:

"...VHF boosters are preferable to and better adapted to the western geographical conditions than UHF translators. VHF boosters are less expensive, which means they can serve smaller pockets of people—pockets too small to afford UHF translators. I urge that both VHF boosters and UHF translators be legalized jointly, with each being used where each can best be used to provide service."

And that was 1957, some three years after the existence of illegal VHF boosters became known to the FCC. What did the Commission finally do with VHF boosters? In 1961, they authorized their operation, under federal control. *But it took seven long, hard years for the Commission to wrestle*

out a solution to this very simple, uncomplex, technical problem. Considering it took them three and a half years to wrestle out a lousy solution to the color-and-allocation problems, Commission handling of boosters in perspective was about par for the agency.

Today there are approximately 2,900 FCC-licensed VHF booster/translators and UHF translators in operation, slightly more than 2,000 VHF, and the balance (900) UHF. Not surprisingly, 542 (19%) of the existing operating translators (VHF and UHF) *are owned and operated by television broadcast stations.* Station-owned-and-operated translators are confined to operation *within* the station's predicted Grade B (regular service) contours, but they often become a new kind of weapon or tool for the broadcaster.

One example should suffice: assume a television station wants to make operation as difficult for a CATV system as possible. The television station (say it operates on channel 13) wants a CATV system to carry only its (example) CBS programs, and not those from another CBS station 100 miles away, operating on channel 7. So the channel 13 station receives FCC permission to build a VHF translator on channel 7 in or near the town *where the CATV system is operating*, knowing that by so doing, the translator will cause such bad interference to the CATV system's reception of the channel 7 regular station that the CATV system will not be able to deliver that station to its subscribers. The channel 13 station wins, and the CATV subscribers lose, because they lose a station which the cable system could otherwise (legally) provide service from.

SO TO TODAY...

Millions of American homes are today, even with translators, with boosters, with cable, and with the primary broadcast stations and their satellite

stations, *without adequate television reception.*

So what is adequate television? One channel? Three channels? Five channels?

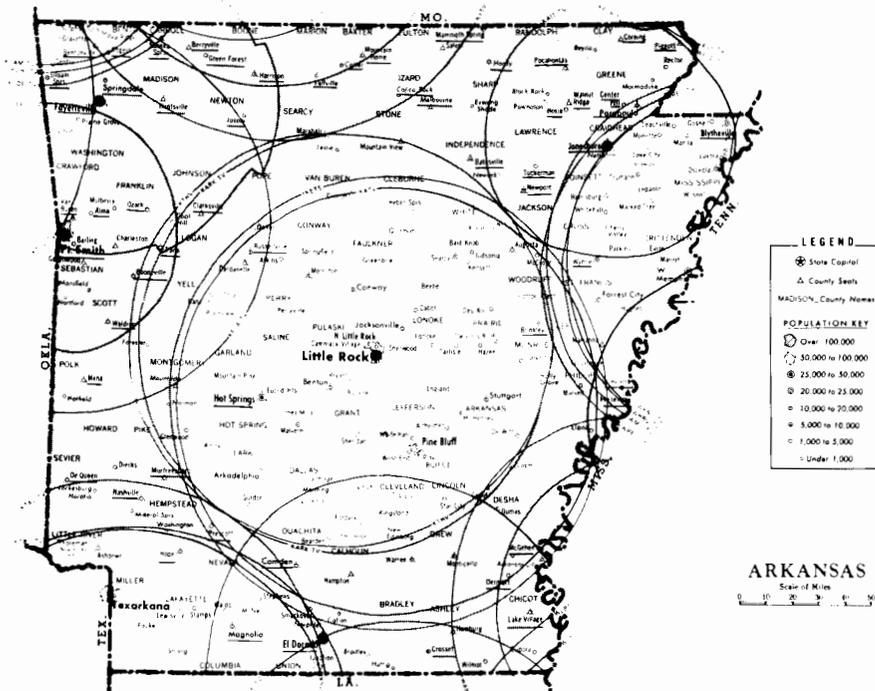
Competition for viewers is the creed of the broadcasters. The FCC has set the pattern for networks: there shall not be more than three, if the FCC has anything to say about it. Their handling of the allocations mess has seen to that.

So it is basic that if there are three national networks, that *any definition of adequate* or minimum service levels to all American homes must include reception from stations which provide real-time (i.e. simultaneous) choice of network programming from all three networks. Right away we have three in our number-pot.

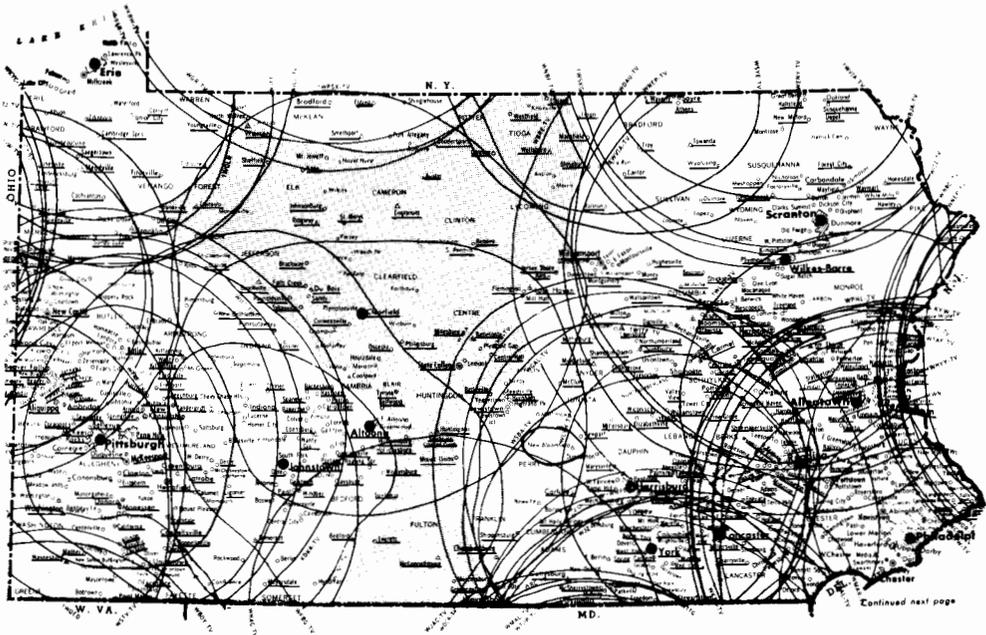
Former FCC Commissioner Frieda Henock wanted to reserve 25% of all television allocations (i.e. channels) for

educational use; in the final analysis, less than 15% went to the educators, but even that number strongly suggests that *every home should have access to no less than one educational* (i.e. public broadcast) *outlet.* So now we have four in our number-pot.

And here is where we run into trouble: the more-than-four syndrome. Large market centers, such as Los Angeles and New York, have multiple outlets of non-network signals available. Had the FCC not set out *almost* deliberately to put the DuMont Network out of business by not providing channels for its affiliations in the same markets that CBS and NBC had affiliates, the basic service or adequate service criteria would have been four plus one (one being ETV) rather than three plus one. So virtually everyone, the FCC included, accepts that *at least one non-network affiliated station* is permissible.



ARKANSAS — Arkansas is not considered a particularly outback state, and yet approximately 50% of the state is outside of direct reception range for television stations affiliated with the three major networks (shaded black area is non-reception areas); none of Arkansas receives signals from a non-network station.



PENNSYLVANIA — Pennsylvania, with perhaps the most FCC-mixed-up television allocations program, still has very substantial areas with no service from three networks (shaded areas).

What bothers CATV people the most is why the FCC should have the self-given authority to decide that CATV viewers in Pocahontas, Ar., are entitled to view, via cable, only three network signals, one ETV signal, and one independent (non-network) signal; while home viewers with rooftop antennas near Pocahontas are free to watch up to ten television stations by simply installing a \$100 antenna on their roof and connecting it to their receiver. The FCC claims that to allow cable viewers in Pocahontas to receive more than five stations *might* severely cripple the continued television broadcasting of a station located 31 miles from Pocahontas, in Jonesboro. Pocahontas is singled out *here* not because it alone could (the FCC claims) cripple the economic well-being of the Jonesboro station, but because the cumulative effect of people within the Jonesboro station's service area watching too many television stations might (the FCC contends) be injurious to the economic health of the Jonesboro station. We'll explore that line of FCC reason-

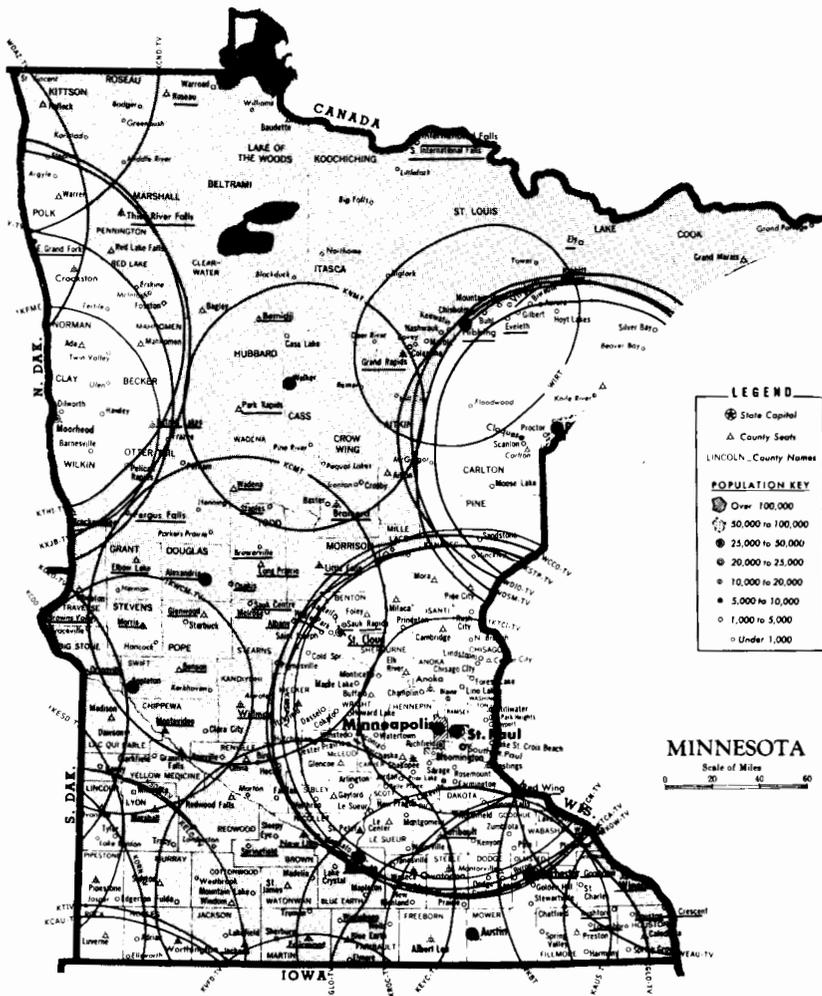
ing, which plays right into the think-tank of the broadcasters and the networks, a little later on.

So anything more than five separate stations on a cable system is taboo for many CATV systems (others are "allowed" up to seven signals, made up of three network signals, one ETV/PBS signal and up to three non-network signals). The rationale behind this is unclear at best, as we shall see.

But what about the people in the country who would do cart-wheel flips for five stations? How many are there, like this?

The FCC, and the networks, would lead you to believe that these are insignificant numbers. Another government office would lead you to believe otherwise, *and CATJ agrees with the latter.*

Anytime someone suggests that the FCC's mandated TV allocations table is *not* doing its job, the FCC promptly rushes out a *counter* statement. That usually ends the matter, *for the time being, because to date no Congressional office or committee has taken the*



MINNESOTA — More than 25% of Minnesota is still outside of any direct television reception range; another 21% receives only one television channel. Shaded areas represent areas with less than three-choice network service.

time to seek out the truth. Hopefully, a forum will be created in the near future, at which time the FCC will be asked to prove that its allocations table is bringing television to the rural areas.

For the time being, let's make reference to a study, accompanied by a report and a recommendation, released by the Office of Telecommunications Policy, in mid-February of this year.

A couple of years back, when now Acting Director of OTP, John Eger,

was being questioned for confirmation to his present post by United States Senator Howard Baker of Tennessee, Eger explained to the Senator how he wanted to develop an OTP study to pinpoint those areas of the United States where inadequate television service existed. Subsequently OTP embarked on a study by commissioning the prestigious Denver Research Institute to look into the matter. DRI undertook first to determine, in phase one of their study, those areas of the

country which presently receive (1) *no* television reception, from any stations; (2) those areas of the country who receive *fewer than three* channels of television, and, (3) those areas of the country which receive fewer than five channels of television. The DRI study made *no* attempt to separate those areas receiving say three channels by whether the three channels were of different base network affiliations, or whether (as does occur in some areas) *all three stations* are affiliated with the *same network*. Obviously receiving three stations is of *little* benefit if all are say NBC affiliates, since *three channels carrying the same program* at the same time hardly contributes to viewer program selection diversity.

The DRI study, phase one, set out to measure coverage nonetheless, and it found that:

- (A) **Approximately 1,000,000 households, or 1½% of all U.S. homes, are out of reach of any television stations (including ETV stations);**
- (B) **Approximately 6,000,000 households, or 9% of all U.S. homes, are presently out of reach of three television stations (i.e. 6,000,000 homes do NOT receive three channels);**
- (C) **Approximately 22,000,000 households, or 34.1% of all U.S. homes, do not receive five television stations.**

Thus by the study commissioned by the President's Office of Telecommunications Policy, fully a third (+) of all U.S. households, today, *more than 23 years after the FCC lifted the so-called allocations freeze in 1952*, still do *not* have adequate (five channel or more) television coverage. The FCC may seek to deny these numbers, but they are, we believe, accurate nonetheless. The FCC's record is bad enough *without* their denial of this apparent basic truth.

As noted earlier, the DRI study dealt with the simple coverage of television station signals. For example, if you live in large portions of Cameron,

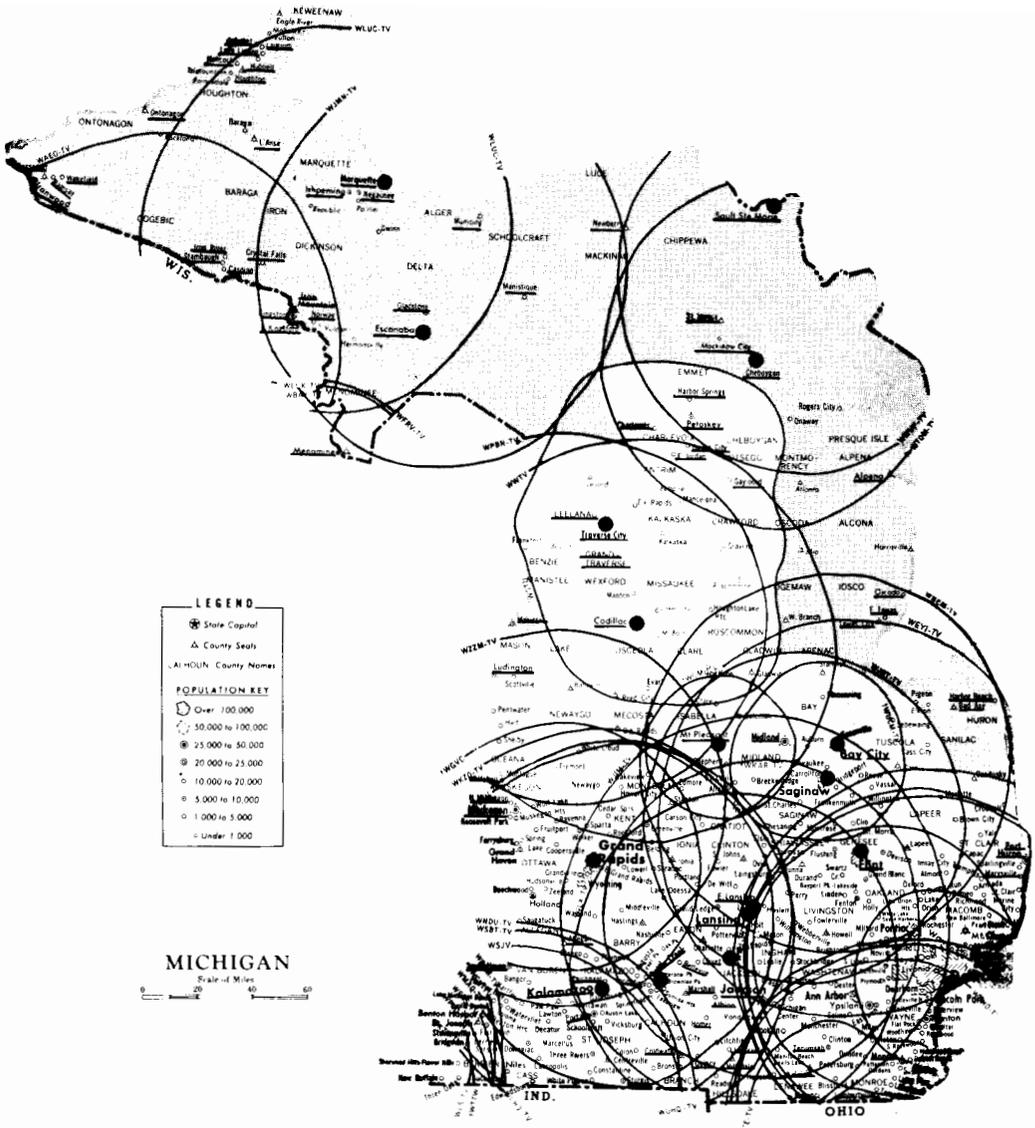
Elk, Forest, and Potter counties in Pennsylvania (*yes—Pennsylvania!*), you are within reach of *one* television station *only*; that station is WPSX, a channel 3 educational television station. *You are outside of the direct* (i.e. unaided by cable) *reach of any other stations*. In the DRI study, the residents of these counties would be accorded "reception of one channel" and thus would *not* contribute to the figures for *that segment* of the population which receives *no* signals. Yet if *you* lived in these county areas in north-central Pennsylvania (such as in Wilcox, on Highway 219 north of John-sonburg), you would hardly agree with DRI according you *one-station* status. We have *not* cherry-picked north-central Pennsylvania as an *isolated* example; there are *literally hundreds* of such examples all across the United States, just waiting for the proper *Congressional forum* to be clearly presented.

So DRI says:

- (1) 1½% of U.S. households do not receive one channel;
- (2) 9% of U.S. households do not receive three channels;
- (3) 34.1% of U.S. households do not receive five channels.

To which CATJ can only add that *our own research* suggests that the numbers can easily be *several times as large* in the one-channel and three-channel categories, as perhaps as much as 40% of U.S. households in the five-channel category when you use *as your criteria for measurement* not the physical number of channels received, *but the number of different program services received*. Again, receiving two channels is not very important if both are NBC affiliates and the dual reception offers no more program selection than you would have with a single channel of reception.

Still, the DRI study and the presentation by OTP is a forceful *first* step in the right direction. In mid-February,



MICHIGAN — Substantial sections of upper Michigan do not receive three network service (shaded areas), and several counties receive no service at all!

the Acting Director of the Office of Telecommunications Policy (OTP) sent the reports from DRI along to the office of FCC Chairman Richard E. Wiley with a recommendation. OTP urged the FCC to:

- (1) Attempt to develop a hybrid plan that would allow CATV systems operating (now or in the future) in those areas which DRI identified as underserved

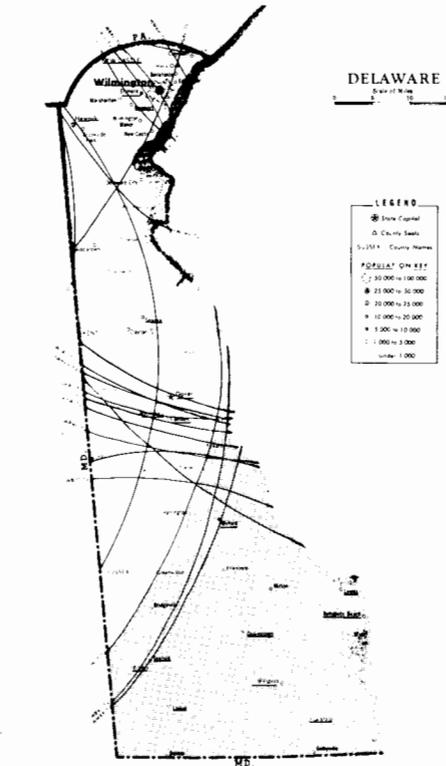
to provide a combination service to both the local community (i.e. Wilcox, Pa.) and to the surrounding countryside (i.e. a radius of perhaps 10 miles of Wilcox, in northern Elk County, Pa.);

- (2) Modify existing FCC rules which "prohibit CATV operators from owning and operating translators" in the same area as their cable systems, so that through a combination of equip-

ment and personnel the cable operator could serve not only the town with cable but the rural areas as well with translators.

Under the present scheme of things, the FCC allows everyone *but* cable systems to own and operate translators. This includes radio and television broadcast stations, local non-profit groups, local tax districts, local for-profit translator companies, local city and county governments... *everyone BUT cable system operators*. This strange prohibition developed during the late 50's and 60's when the Commission was attempting to stop cable *by whatever means it could*, and they justified this divorce of cable and translators at the time by trumping up the *story* that cable and translators were competitive mediums. Interestingly, the possibility that the two might be competition has never seriously impaired the Commission's granting of TV licenses to local newspaper publishers, or to local radio station operators, or to local newspaper publishers *and* radio station operations who *also* wanted a piece of the local television picture. *Apparently the FCC has only been concerned about small, little, local concentrations of media; never large, regional concentrations of media.*

The DRI/OTP report, *now* in the hands of the FCC, *will never amount to much* unless Congress shows a keen interest in the FCC's handling of television allocations. The FCC has shown, repeatedly, that it is better at foot dragging and proposal burying than virtually any other federal agency. The powerful, well-entrenched broadcasters will *not* like the OTP proposal that 22,000,000 U.S. households should have a *minimum* of five channels of



DELAWARE — Who would have thought that within 100 miles of the nation's capitol there was a state more than 25% uncovered (shaded area) by three-network programming?

television service; and as long as *they* do not like it, the exceedingly biased FCC, *taking its direction from the powerful broadcasters* and their lobby, will *never* show the initiative to improve the lot of 22,000,000 American families now receiving inadequate television reception. And that is hardly limited to the present OTP proposal, whatever its value. That is an across-the-board indictment of the FCC, to ever do anything that the present broadcast media does not wish done.

EMPHASIS REQUIRED—

Merely having two or three channels of service (i.e. signal contour) is not sufficient if these channels broadcast the same network programs. To be defined as adequate service, three separate network services are required. True service has always meant "program selection".

THE BROADCASTER'S MYTH OF TV BEING FREE IS SO MUCH HOT AIR!!!

A MORAL ISSUE

Unquestionably, the broadcasters of the United States are the most adept packagers of concepts that have ever walked the face of this earth. They are slick, polished, and skillful at their art. They package neatly and professionally, and the American public buys their wares.

So skillful are they that for nearly two decades the powerful broadcast lobby has been selling the concept that over-the-air television is "free television" and anything else (i.e. cable) is non-free television. CATV has been called pay television, rented television, and CATV has been painted as un-American, immoral and contrary to motherhood and apple pie.

Naturally, it is all a skillfully contrived, smoothly delivered lie. *The wonder of it all is that the cable industry has allowed it to be repeated over and over and over again.*

The basis for the lie is that CATV systems charge money. And, to the shallow thinker, television broadcasters do not. *"Television broadcasts are benevolent gifts from the sponsors of programs,"* we are told, "while CATV service costs you money right out of your pocket every day of the week."

Broadcasting stations—even ETV stations—cost money to operate. They cost money to construct. Naturally, since they are not government owned and operated, as they are in many

countries, *that money must be coming from someplace.* Basically, it comes from advertising. And advertising is a *cost of business.* The man operating the local Coca-Cola franchise has an advertising budget which he spends in local media to promote his product; so does the man with the local Ford dealership. Advertising expenditures by the Coca-Cola distributor and the Ford dealer are *part of the cost* of doing business.

When the Coca-Cola distributor and the Ford dealer sell products, they carefully analyze *all of the costs* that go into their products, add to those costs a "profit" figure, and this determines the end selling price to the buyer.

Any direct expense to the seller is reflected in an increase in the price paid for the product (or service) by the purchaser. This includes the syrup in Coca-Cola and the headlights in the Ford. If the Coca-Cola man could take the syrup out of his soft drink, and still sell his product, he would do so. At the same time, he *could afford* to cut the selling price of his soft drink by the direct cost per unit sold of the syrup he would leave out of the mixture; and that would bring the price the purchaser pays down also.

So it is with advertising. If the Coca-Cola distributor or the Ford dealer could *eliminate* the expense of adver-

tising from the total expenses associated with the sale of his products, the price the purchaser pays for their goods would be lowered accordingly.

The consumer pays for advertising every time he purchases a product. Large companies which sell nationally (Ford, Coca-Cola, etc.) spend money advertising at several levels, usually simultaneously. They sponsor national television programs, and they purchase advertising space in national magazines. Then they spend money regionally, say within a state or a part of a state, on behalf of those distributors/dealers in that region. Finally, through matching advertising funds, they encourage individual distributors and dealers to advertise the product within the local marketplace. Every time advertising dollars are spent, the price of the product to the consumer increases; *because every dollar spent*, divided by the number of units of the product sold nationally, regionally, and locally, *ends up being tacked on to the end price the consumer pays* at the local level for the product.

Virtually *everything* you purchase, no matter where you buy it (on the open, legitimate market), has some cost factor included for advertising. The exact percentage of the total cost of the product bought varies greatly, from as low as 1% for mass-produced commodities such as soft drinks, to as much as 40% for hand-made-specialty items.

Every time you purchase a case of Coca-Cola, *you are picking up a few pennies of advertising expense* paid by Coca-Cola (at the national, region, and/or local level) for television advertising. So if the Coca-Cola 30-second commercial at the 8 PM station break helped *offset* some of the *direct costs* of operating channel 4 for that evening, *your few pennies* (built into the case of Coca-Cola you purchased) *has gone to the people at channel 4 that evening* for your television enjoyment.

There is nothing free about television!

The problem is not convincing people it is not free; the problem is determining *how much* it really costs you every day, week, or year. We'll come back to that shortly.

The FCC was charged with the responsibility in 1934 of promoting the efficient use of the public airwaves, for *all* of the public to enjoy. A man in New York City purchases a television receiver, takes it home, and turns it on. The built-in VHF rabbit-ear antenna and the built-in loop antenna for UHF produce nine television signals. The man is satisfied, and the \$299.50 he paid for the television receiver now goes to work for him. If he keeps the receiver for five years and averages \$10 per year for maintenance, his cost of enjoying television (less the electricity consumed) is five years times 365 days (1,825 days) divided into \$299.50 plus \$50 maintenance, or 19 cents per day.

Now a man in DeQueen, Ar., buys the *same identical* receiver, takes it home and plugs it in. Because he is located *outside of all television station coverage patterns*, he receives *nothing* on either VHF or UHF. Now he has a choice as to how to make his \$299.50 receiver perform.

- (1) **He can install a rooftop antenna, with rotor, and when the weather conditions are right, he will receive between two and six television stations, although only two of these with any degree of regularity. The man in New York who bought the same identical receiver would turn up his nose at the quality of reception on those two stations, if that is what he received for his \$299.50, and promptly haul his receiver back to the dealer!**

The cost to the man in DeQueen, Ar., for such an antenna will be \$150, installed. The antenna will last an average of three years, so in five years he will pay for 1 $\frac{2}{3}$ such antennas.

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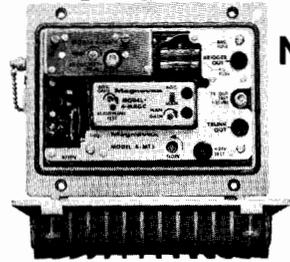
MX-404 one-way or two-way units for low, moderate or high-gain applications with thermal level control or AGC.

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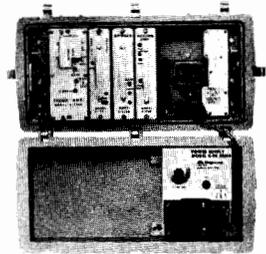
MX-404 60 or 30V a.c. power supplies in 12 or 15 Amp. capacity with optional 110 or 220V a.c. input, surge arrestors and time delay relay.

MX-404 line power inserter Model 4-LPI with separately shielded 30 or 60V a.c. entry, over 80dB isolation.

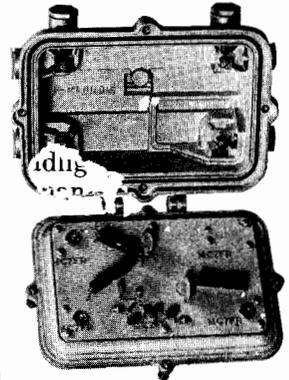
MX-404 trunk/feeder splitter and three directional couplers, Series 4-TFC, all with no-disconnect interchangeable circuit modules.



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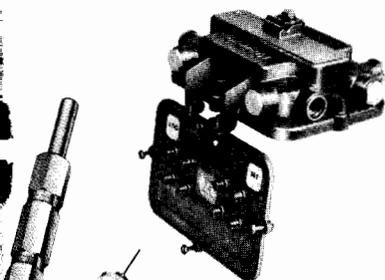
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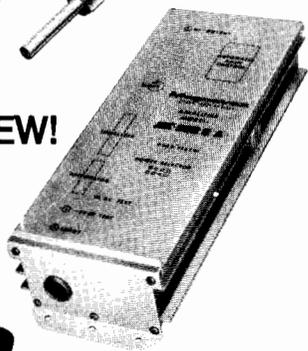
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NEW!



NEW!



The man in DeQueen will average two channels of reception, while the man in New York will select from nine stations.

If he pays the same \$50 for maintenance for five years, plus \$250 for five years worth of antennas plus \$299.50 for the receiver, this man will pay \$599.50 for 1,825 days of television; or 33 cents a day (vs. the 19 cents a day for the man in New York).

- (2) Or, our pilot example in DeQueen can hook his \$299.50 receiver to the local cable TV company. This will cost him \$25 to be connected to the TV cable service, and \$4.95 per month. In five years he will spend \$322 for his cable service, \$50 for maintenance, and \$299.50 for his receiver; a total of \$671.50. This works out to a total of just over 36 cents per day, but now he is receiving six channels of television rather than the two he received on a regular basis with his antenna. And, he receives all six channels all of the time, with the same clarity the man in New York has with his nine channels of television.

The man in New York and the man in DeQueen, Ar., both contribute to the same Coca-Cola advertising fund everytime they buy their separate cases of the soft drink. But the man in New York receives 50% more television than the man in DeQueen, and the man in DeQueen pays nearly twice as much per day for his television enjoyment.

Clearly, *the man in DeQueen is paying a territorial tax* for his television. He is paying a *premium* for his television service because the FCC has so allocated television service regions that his town is *outside of any and all television service regions*.

The man in DeQueen would contribute to the Coca-Cola advertising fund in DeQueen, every time he purchased a case of the soft drink, *whether he watched television or not*. And he can expect no rebate from Coca-Cola simply because he does not watch Coca-Cola-sponsored television programs. He is

being taxed, without direct benefits, if he chooses (or is forced by not being within broadcast range) not to watch Coca-Cola-sponsored television programs.

The territorial tax for the man in DeQueen is even more ludicrous when you consider that if his salary is the same as the salary of the man in New York, and they both have the same living standards and dependents, that both pay equivalent amounts into the federal treasury; *from which federal funds come for the operation of the FCC*; and from which federal matching funds come *for the operation of ETV/PBS television stations and programs such as Sesame Street*. The man in New York enjoys PBS broadcasts, and rightfully he should because he pays for part of them. *The man in DeQueen pays his share also*; only he cannot enjoy any of the PBS offerings because even with cable service his town is too far from the nearest ETV/PBS station for the programs to be seen in DeQueen.

So the DeQueen, Ar., resident is *forced to pay a territorial tax*, in the form of more money per day, for his television, than a man in New York City. *And he receives less television for his money* than the man in New York, because the New York resident has 50% more stations to choose from than the DeQueen cable viewer. If the DeQueen resident were not connected to the cable, the man in New York would have more than four times as many stations to choose from, although the DeQueen resident would be paying 174% as much per day for his two channels as the New York resident for his nine channels.

The truth is that any cable viewer who receives fewer television signals than are available without the assistance of cable to residents of major population centers (Los Angeles residents receive from 15 to 18 channels without cable) is being short-changed and is being forced to not only pay a territor-

ial tax for his television, he is also being forced to accept lesser quantities of programming choice.

There is *nothing fair* about this situation; it is FCC mandated and FCC enforced, and it works *only* to the advantage of the existing broadcast monopoly.

Now what does free television really cost? How would you go about determining an accurate number? Perhaps you would take the *total cost* of every product and service purchased by a television-viewing family in a year and meticulously calculate the *television advertising cost built into every product* and service bought, summing all of the advertising costs.

There is a much simpler solution, and we have excellent reason to believe it is every bit as accurate for the purpose of averages.

Suppose you take *the sum of all of the advertising dollars spent* on all three television stations in say the Madison, Wi., market for a year (such figures are available at the FCC) and divide the total dollars paid to the television stations (from national, network, regional and local advertisers) by the number of homes in the television service area.

This would work, because the dollars that sift down to the three television stations in Madison (from the national level) plus the dollars spent with them annually on the regional and local level are *cost dollars built into every product and service sold* via television in the market area of Madison.

CATJ has done that, for various-sized markets, to determine whether market size has a direct relationship to dollars spent per family. Remember, this is gross income for the television stations in the market (not per station) from each viewing family they reach,

for the last complete year available, 1973:

Market No.	Market	Gross Per Family	Off-Air Channels	Cost per Channel
74	Spokane	\$19.07	3	\$ 6.36
75	S. Bend	\$16.21	3	\$ 5.40
83	Greenville/Washington/New Bern (N.C.)	\$21.98	3	\$ 7.36
97	Lexington, Ky.	\$24.49	3	\$ 8.31
101	Madison, Wi.	\$22.76	3	\$ 7.59
154	Reno, Nv.	\$44.46	3	\$14.82

Lest we be accused of cherry-picking the particular markets shown, let us assure you that we have not. All markets were calculated (New York works out to \$17.25 per home for 1973), and if there is a general trend, it is that as markets become smaller, the cost per household for advertising costs goes up, *not unexpectedly*.

So in Madison, Wi., the market residents pay *\$7.59 per year* in direct costs that are built into every television-advertised product they purchase, *for the right to watch one television channel*. For all three channels, these viewers pay a sum of \$22.76 per year, in direct costs of goods purchased in that year. That works out to about six cents per day. *This may be a bargain, but it is not FREE!*

The time has come for the broadcasters to accept the fact that their big lie is past history. In fact, the *next* time a broadcaster editorializes about "broadcast television being FREE television" and "cable television being pay television," the area cable companies should promptly march right down to the Federal Trade Commission and file a complaint against the television station.

Enough is enough!

EMPHASIS REQUIRED—

Over-the-air (i.e. direct) television is not free. It has never been free. It may well be a bargain, but free is an inaccurate description. Every program broadcast, even by PBS stations, ultimately cost the viewers something.

SUPER PROFITS FOR 15 NETWORK OWNED AND OPERATED STATIONS

SOME INVESTMENT

In 1951 during allocation hearings which the FCC was holding at the time, witnesses for CBS and NBC appeared to make their feelings known as to how the Commission should handle the pending allocations table.

Not surprisingly, CBS and NBC were concerned that the Commission allocate sufficient new *VHF channels* so that they (individually) might have a crack at VHF affiliates in each of the marketing regions in the country.

However, CBS had *another axe* to grind also. CBS was worried about their inferior position, at the time, to the NBC folks. It seems that NBC had been careful about putting stations on the air (i.e. building their *own* stations, owned and operated by the network itself) *prior* to the freeze. NBC put WNBT (New York) on the air in July of 1941; WRC-TV (Washington) on the air in June of 1947; WKYC-TV (Cleveland) on the air in October of 1948; and KNBC (Los Angeles) and WMAQ (Chicago) on the air in January of 1949. This gave NBC owned-and-operated outlets in markets 1, 2, 3, 8 and 9. At that time, 1951, CBS had WCBS-TV (New York), put on the air by CBS in July 1941; KNXT (Los Angeles), which they had purchased as KTSL from the estate of Thomas S. Lee (Don Lee Network) for \$3,600,000 in December of 1950; and 45% of WOIC (now WTOP,

Washington), for which they had paid \$630,000 in 1950.

Clearly, NBC had CBS outnumbered, and CBS was concerned about it. So CBS told the FCC:

"The allocations program planned will make it very difficult for CBS to operate a network effectively, because CBS lacks owned-and-operated stations in key major markets." CBS did not want UHF owned-and-operated stations because (they noted) **"for a considerable period, perhaps five years, a commercial UHF station cannot compete on anything like an equal basis with a commercial VHF station in the same community..."**. What they wanted were owned-and-operated VHF stations, and the carrot was **"effective network programming."** The inference in the CBS petition was that a network must have owned-and-operated outlets in those cities where **"TV programming originated,"** or it would not be a viable television network.

At that time, before the AT&T transcontinental microwave hookup was completed (September 1951), networks depended upon (1) kinescope recordings (essentially a fast film process) and, (2) live inter-connection; in that order. Virtually all network programs were kinescoped, but delays in reproduction and transit caused a one-week delay at best. The Christmas Texaco Star Theatre, for example, seen live on the NBC network in the East and through the Great Lakes, was not shown until the week after

Christmas in the Southwest, Mountain States or on the West Coast.

Specifically, CBS wanted owned-and-operated assignments in San Francisco, Boston, and Chicago. They urged the Commission to expand VHF assignments for San Francisco by adding channel 13 (then and currently assigned to Stockton [Sacramento]), for Chicago by adding channel 11 (which the Commission later did, reserving it for ETV), and for Boston by adding channels 9 and 13 (9 later went to Manchester, N.H. and 13 to Portland, Me.).

The owned-and-operated argument, *if it was really valid in 1951*, is subject to serious question *today*. When television was young, live studio presentations (without retakes) were a very important part of the programming procedure. And not all talent was concentrated in New York. *Many* network shows originated in Chicago (Garroway At Large, Kukla/Fran and Ollie, Mr. Wizard, etc.) and shortly thereafter when the transcontinental link was completed, in Los Angeles. CBS *may have been*, at the time, at a disadvantage.

And it was not only natural but reasonable that the network flagship stations, located in New York (for example), did double duty as local outlets and as centers for network program productions. In a word, networking in those days amounted to a large extent to inter-connecting stations outside of the coverage area of the New York City stations with the New York station, so that programs produced by and for New York gained added network exposure. Today, New York is merely the big apple market; its importance as a network origination point has become largely that of housing the elaborate news program departments. And today, unlike 1951, the network operations are distinctly different (*and separate*) from the owned-and-operated station facilities.

In fact, there is very little *justification* for the continuation of network-owned-and-operated stations in major markets. Apparently the networks themselves are aware of this, as we shall shortly see.

Networks in 1951 were inseparable from the flagship stations. Networks in 1975 could (and do) get along just fine without their flagship operations. If WCBS in New York was suddenly not available for any local service, the balance of the CBS affiliates would not even be aware of the demise of WCBS. Any mechanical-electronic inter-ties between WCBS and the CBS television network *are for convenience only* in 1975; they are *not required* for successful network operation.

The networks can, of course, be expected to dispute this statement. *They have good reasons to; 102.8 million reasons to be exact* (1973).

Economics of O & O

In 1973, the last complete year for which the FCC has released financial data, the 15 network-owned-and-operated stations earned a net profit (before taxes) of \$102,800,000. If you divide that sum by the 15 owned-and-operated stations, you find that they averaged \$6,853,333 each in 1973. *That is net profit, before taxes, each.*

Now just for comparison, 474 VHF stations had an average net profit, before taxes, of \$973,211 for 1973. That is not exactly something to sneeze at, but it is only 19.8% of \$6,853,333. Clearly, the *15 owned-and-operated properties are platinum-plated gold mines.*

Now the actual earnings of each of the 15 O & O stations is *not* public information. If we *happened* to have some of that data and published it here, we would most probably (1) get sued, (2) get anybody who might possibly hand us such data in a great deal of hot water. So when you set out to analyze such figures, you have to do so *in*

HOW O & O PROPERTIES DEVELOPED

(Table One)

NBC

- (1) Put WNBC-TV (as WNBTV) on air on channel 4, New York, in July 1941;
- (2) Put WRC-TV (as WNBW) on air on channel 4, Washington, in June 1947;
- (3) Put WKYC-TV (as WNBK) on air on channel 3, Cleveland, in October 1948;
- (4) Put KNBC-TV (as KNBH) on air on channel 4 in Los Angeles, in January 1949;
- (5) Put WMAQ-TV (as WNBQ) on air on channel 5 in Chicago, in January 1949;
- (6) Bought WKNB-TV (with AM) for \$1,006,000 in Hartford, Ct. (channel 30) in December 1956, operated as WNBC-TV until September 1959, sold TV and companion AM property for \$1,044,000.

CBS

- (1) Put WCBS-TV on air on channel 2, New York, in July 1941;
- (2) Participated as 49% owner in KTTV, channel 11, Los Angeles, when station went on air in January 1949, later sold off 49% interest for \$200,900 in December 1950 when CBS purchased 100% of KTSL (KNXT), channel 2, Los Angeles, from estate of Thomas S. Lee for \$3,600,000;
- (3) Purchased 45% of WOIC, channel 9, Washington, in 1950 for \$630,000, later sold 45% interest in 1954 for \$3,000,000 (+);
- (4) Purchased WBKB-TV (now WBBM) for \$6,000,000 in February 1953, channel 2, Chicago;
- (5) Purchased WOKY-TV, channel 18, Milwaukee, in October 1954 for \$350,000, in 1955 bought physical plant of dark (off air) WCAN-25, Milwaukee, for \$650,000, but took channel 18 off air in 1959 and sold dark station for \$50,000;
- (6) Purchased WGIH-TV, channel 18, Hartford, Ct., for \$650,000 in 1956, operated as WHCT until 1959, when it took station off the air (i.e. went dark), eventually selling plant and CP for \$250,000;
- (7) Was successful applicant for channel 11, St. Louis, but purchased KWK-TV (channel 4, St. Louis) for \$2,500,000 before putting channel 11 on the air. Disposed of channel 11 CP to combination of two **unsuccessful** litigants for application **in return** for both applicants' **dropping pending suits** against CBS, contesting initial award to CBS;
- (8) Purchased WCAU-TV, channel 10, Philadelphia, for \$20,000,000 in July 1958, as package that included WCAU radio.

ABC

The basic ABC O & O properties came from the holdings of the American Broadcasting Company and United Paramount Theatres Corporation in a merger approved by the FCC in 1953.

- (1) WABC-TV, channel 7, New York; (2) WXYZ-TV, channel 7, Detroit; (3) WLS-TV, channel 7, Chicago; (4) KABC-TV, channel 7, Los Angeles; (5) KGO-TV, channel 7, San Francisco.

ways which can only be done from publicly available data. And here we go:

- (1) *Network O & O stations operate in New York (ABC, CBS, NBC), Chicago (ABC, CBS, NBC), Los Angeles (ABC, CBS, NBC), Washington (NBC),*

Cleveland (NBC), St. Louis (CBS), Philadelphia (CBS), San Francisco (ABC) and Detroit (ABC);

- (2) *In those nine markets, there are 64 commercial stations operating;*

HOW O & O PROPERTIES COMPARE – NET INCOME

(Table Two)

Network-owned-and-operated properties can be compared, on an average or mean basis, with other stations operating in the markets they operate in. We know from FCC records that in 1973 the 15 O & O stations earned \$102,800,000 net profit **before** taxes. This table compares the average earnings \$102,800,000 divided by 15, or \$6,853,333 per station, with individual market situations.

Market	No. Stations	Net Income/ Market	Net Per Station (Average)	O & O 15 Station	
				Nine-market Average	O & O Comparison
New York	9	\$40,507,312.	\$4,500,812.	\$6,853,333.	+152%
Chicago	7	\$26,791,034.	\$3,827,290.	\$6,853,333.	+179%
Los Angeles	13	\$28,416,533.	\$2,185,887.	\$6,853,333.	+314%
Washington	6	\$ 5,191,117.	\$ 865,186.	\$6,853,333.	+792%
Cleveland	5	\$10,784,535.	\$2,156,907.	\$6,853,333.	+318%
St. Louis	5	\$ 5,237,810.	\$1,047,562.	\$6,853,333.	+654%
Philadelphia	6	\$16,085,122.	\$2,680,854.	\$6,853,333.	+256%
San Francisco	8	\$16,927,424.	\$2,115,928.	\$6,853,333.	+324%
Detroit	5	\$19,324,232.	\$3,864,846.	\$6,853,333.	+177%

- (3) The total net revenues (after expenses but before taxes) for those 64 stations, in 1973, was \$169,264,900;
- (4) And all 64 stations (including the 15 O & O stations) averaged \$2,644,764 each;
- (5) Yet 15 of the (64) stations earned \$102,800,000 (before taxes), or \$6,853,333 average.

So even *within* their markets, the O & O outlets managed to earn 259% more than their market counterparts. As Table 2 shows, in every market the networks operate O & O outlets, the *average income* of the 15 O & O outlets is far more than the average income within that market; and that includes the Big Apple.

Now \$102,800,000 is a fair amount of change, *especially when it is net profit*. To put it into language which the CATV industry can comprehend, it is equivalent to 1,710,333 CATV homes paying \$60 per year for CATV service. That is *not* the equivalent of the *profit* on 1,710,333 CATV homes, but the *gross revenue* of that number of CATV homes!

And remember this has *nothing* to do with ABC/CBS/NBC network oper-

ations. This is for the 15 O & O stations *only*. (The networks returned a net profit before taxes of \$184,800,000 in 1973; an *average* of \$61,600,000 each.)

Now how does one justify that type of return? You might suggest that these O & O stations have *huge* investments and they are merely paying off their debt. OK, let's try that one on for size:

- (1) *The depreciated investment in tangible broadcast property for the 15 O & O stations in 1973 was \$33,200,000 (average of \$2,213,333 per station); thus the return on depreciated investment was 309.7% in 1973 alone!*

Now for comparison, the return on total depreciated investment for the 474 VHF stations was 75.9% (still *not* a bad lick). The O & O properties return was 408% more than the average return.

Well, then let's try a return on depreciated investment, assuming a 50-50 debt/equity ratio:

- (2) *The O & O stations returned an average of 619.4% in 1973.*

Again, for comparison, the 474 "other" VHF stations returned an av-

erage of 151.8% (Strange how *immoral that seems*, with the airwaves public property and all, *until* you encounter the 15 O & O's managing a 619.4% return!).

All right...how about net return (before taxes) per home reached?

(3) *There are 15,801,000 homes in the nine markets reached by the 15 O & O stations. Divide that number of homes into \$169,264,900 (net profit before taxes for all 64 stations in those nine markets), and you have an average net profit per home of \$10.71 (remember this is money the public pays for television, through increased costs for goods and services advertised on television). Or divide the 15,801,000 homes into the \$102,800,000 earned before taxes by the 15 O & O stations alone in those nine markets; it is \$6.51 per home that went directly into the O & O (network) pockets. And that is profit, not gross!*

Hmmm... apparently the networks have a better-than-average good thing going for themselves. But *surely* they have huge duplication of equipment and facilities at their O & O properties, which they maintain *to keep the network affiliates fed with programming and the like?*

Well Virginia, if you think this is a fairy tale with a happy ending for the network's defense of these "unusual profits" with their O & O properties, you have a disappointment coming. The networks don't and won't get off the hook by maintaining that their O & O stations are *essential* to the continuation of their network programming output(s).

For example:

In a recent week, not counting news program feeds, the average program output on the three networks was:

(1) *88% originated on tape/film or live (i.e. outside of the network properties themselves);*

- (2) *11% originated by network studios outside (and distinct from) O & O property studios;*
- (3) *1% miscellaneous, including approximately 0.4% originated at O & O properties.*

Clearly this is no longer 1951!

The *illusion* of O & O properties being *essential* to network operation is not even maintained by the networks anymore. For example:

- (1) ABC maintains studios for the network on Avenue of the Americas (where ABC corporate headquarters and WABC are located), plus two other *network-only* locations in New York City. ABC network corporate headquarters *do not even list studios* for Los Angeles, San Francisco, Detroit (when was the last time you saw ABC originate a regular program from Detroit?) or Chicago.
- (2) NBC maintains completely separate New York locations for WNBC-TV (Rockefeller Plaza) and the NBC television network (RCA Building, Brooklyn Studios), Burbank Studios (California), and Merchandise Mart (Chicago); when was the last time you saw an NBC network *program* produced at WKYC-TV in Cleveland?
- (3) CBS, *apparently mindful of its 1951 statement to the FCC, at least lists studios* in New York City (10 studios including six at the same corporate address as WCBS-TV), Los Angeles (five studios, including one at the same address as KNXT-TV), Washington (where they do *not* own and operate), Chicago (one studio, same address as WBBM-TV), St. Louis (one studio, same address as KMOX-TV), and Philadelphia (one studio, same address as WCAU-TV). However, when was the

EQUIPPED FOR NETWORK ORIGATION?

(Table Three)

If the owned-and-operated stations are intended for use as network origination points, they should be equipped with the cameras, tape recorders, and other equipment one would expect for such duty. This table compares the equipment network O & O stations have in their stations with **all other stations in each market**. Numbers shown here are from industry sources; CBS and NBC numbers for New York City are missing because of a lack of certified data to CATJ.

Market	Station	Cameras	Mkt. Avg.	+/- Avg.	VTR's	Mkt. Avg.	+/- Avg.
Los Angeles	KABC	24	10	+14	26	12.71	+13.29
	KNBC	3	10	-7	18	12.71	+ 5.29
	KNXT	8	10	-2	7	12.71	- 5.71
Chicago	WLS	6	6.83	-.83	9	7.33	+ 1.67
	WMAQ	7	6.83	+1.17	10	7.33	+ 2.67
	WBBM	7	6.83	+1.17	6	7.33	- 1.33
New York	WABC	4	4.5	-.5	7	7.25	- 0.25
Washington	WRC	7	7.75	-.75	9	7.25	+ 1.75
Cleveland	WKYC	4	3.75	+2.5	5	4.75	+ 0.25
St. Louis	KMOX	5	3.4	+1.6	6	4.0	+ 2.0
Philadelphia	WCAU	8	5.2	+2.8	7	6.0	+ 1.0
San Francisco	KGO	6	4.75	+1.25	6	5.5	+ 0.5
Detroit	WXYZ	6	5.25	+7.5	8	6.5	+ 1.5

Network O & O stations average slightly below or slightly ahead of other non-network and non-O & O stations in their same markets in all cases but KABC-TV. Apparently you can run a network with very little program-origination equipment these days!

last time you saw a CBS program originate at CBS-owned KMOX-TV in St. Louis?

OK, so the networks do not even try, *very hard*, to disguise the fact that the O & O stations are *not* network origination points, anymore. But *surely* they have the equipment to do so; *don't they?*

No Virginia, *they do not*, if network information sources are accurate. Once again:

(1) See Table 3 for a breakdown of the equipment maintained (color TV cameras and video tape recorders; which is about all a fellow needs these days to produce and distribute programs). As you will note, the O & O stations average below or just slightly ahead of the market averages in each of these two categories. There is *one* exception; at KABC-TV in Los Angeles, the ABC folks have a large

quantity of cameras and tape recorders which they *probably* store for the network. On the other side of the coin, KNBC-TV in Los Angeles has only 37.5% as many color cameras as the *average* Los Angeles station; while KNXT (CBS) has 55% as many video tape recorders as the average Los Angeles station. Clearly, as Table 3 indicates, the networks are NOT using their O & O properties for serious program origination. *You just cannot run a network program production facility plus a local outlet in these markets with fewer cameras and tape recorders than the average non-network station has on hand!*

All Of Which Suggests...

All of which suggests that the networks have grown so sure of their positions and their invulnerability to out-

side public-interest questions that they have grown careless in the way they treat the public property (airwaves which they occupy), for which they serve as guardians in trust.

(1) *The networks can no longer justify the continued ownership of these major market O & O stations.*

(2) *In the year 1973 alone, these properties returned to the networks 309.7% of their depreciated investment value.*

(3) *In the past five years, according to FCC-released data, these 15 properties have returned more than \$450,000,000 to the networks; profit, after operating expenses, but before taxes.*

(4) *The networks have a pretty good deal going for themselves with the networks which they own, but the O & O stations are no longer a necessary public concession to the continued successful operation of the networks themselves. In a word, their time is past; they are an embarrassment to the FCC and to the overly profitable industry which they are a part of. Something should be done to force the networks to divest themselves of these overly abundant properties.*

If there were a way for the networks to divest themselves of these properties, and to put the money such divestiture would earn back to work in the public interest, solving some of the program diversity problems in other regions of television communications...

Which There May Be...

Now naturally the networks are *not* going to care for what follows (chances are they are unhappy with what preceded!). We expect that... *people who shake apple trees always run the risk of being bopped on the noggin with falling fruit.*

Recall that earlier in this issue of CATJ, we investigated the myth of in-

dependent stations and discovered that *less than 61% of the homes in America* are within broadcast reach of an independent station. Or to put it another way, more than 39% of all American homes cannot watch programming from other than the three major networks because 39% of America cannot receive signals from any independent stations.

We also explored the fact that *within the top 50 markets* alone there were 14 markets with *no independent stations* on the air. In the second 50 markets, there are only five markets (out of 50) with independent stations operating. Thus in the top 100 markets there are 14 plus 45 or 59 markets with *no independent station service*. That amounts to 16,637,500 homes in the top 100 markets *alone* without non-network service. So the proposal is this:

(1) **ABC, CBS and NBC should be forced, through Congressional action if the FCC lacks the intestinal fortitude to do its own dirty work, to divest themselves of the 15 O & O properties.**

(2) **With the money such divestiture would bring and equipped with a special ruling from the people at IRS, the network people would be allowed to:**

(A) **Re-invest the proceeds from the sale of their O & O properties in the construction and operation of new, independent (i.e. non-network) stations in any of the markets they wish, provided such stations are constructed in markets with no existing independent stations.**

(B) The networks should be allowed to construct **up to 10 each** (UHF) independent stations, which they would own and operate.

(C) Furthermore, to sweeten the pie and to provide a much needed non-network service for people who do not now have it, or are likely to have it in the next ten years without such a plan, **for every network-owned independent station (UHF) constructed in any market currently without an independent station**, the networks would be allowed to construct a full-time, inter-connected satellite (UHF) station to carry the programs of their owned-and-operated independent stations **in to any market below the**

FCC PROTECTS NETWORK INTERESTS

Many CATV systems believe that the rules laid down by the FCC are clearly favoring the broadcasters, to the detriment of the CATV system subscribers and the system operator.

Agreed, program exclusivity rules seem to protect station interests. But is it the station's interest that is being protected, or is it the network's interest?

Consider this for a minute. Section 76.61 (e) (2) grants to CATV systems the right to carry any network program not cleared for showing by the TV stations that place a Grade B (or better) contour over the CATV town. In other words, if your local NBC station fails to clear for local showing "Chico and The Man," you as a CATV system operator are "free" to pick that specific network program up from any other station you can find that is carrying the network program in question.

How does this affect the "local broadcaster" who chose not to clear "Chico and The Man"? Unless the program he places on his station at the time "Chico and The Man" is fed down the network is a blockbuster, he will find himself battling for an audience against a network program from his own network, in your CATV town.

Section 76.61 (e) (2) of the rules for CATV clearly is not for the benefit of the local broadcasters; they are plainly there for the networks, who set out some 25 years ago to put ALL of their network fare into ALL of the homes ALL of the time. With CATV growing, the upshot of this may be that local stations will find it more and more difficult to NOT clear ALL network programs for local showing.

When you look at the FCC rules from this direction, **they are clearly intended to extend the network monopoly hold over broadcasters and the public.**

top 100 (i.e. 101 on down) within 250 miles of their new UHF stations.

Here is what this would do for America ("ask not what you can do for me, but ask what I can do for you. . ."). First off, millions of Americans would have access to non-network programming **for the first time**. There are 59 markets in the top 100 without non-network service at this time. If each of the three networks were to build its full authorized (as suggested here) complement of new UHF independent stations, **there would be 30 fewer markets in the top 100 without independent program service.**

Secondly, the networks would build the **best UHF stations money could buy**. This would be a tremendous shot in the arm for UHF, and **the whole industry would profit.**

Thirdly, just to keep the networks honest and to keep them from loading up their new UHF indies with off-network runs of **I Love Lucy**, the FCC should establish rules **limiting these network-owned-and-operated indies to carrying no more than 20% of their total broadcast time in any programming that has previously been shown on any major U.S. network.** This would create whole new markets for new programming, which a badly underworked Hollywood (unemployment among Hollywood program/film production

people is the highest of any place in the United States) could and would produce. Such programming, produced for the network O & O indies, would greatly improve the program fare **available to the other independents in operation already**, and this would improve their chances of making a go of their own services.

Fourthly, by allowing a network O & O indie to establish full-time satellites in any markets above 100 (101 up), within 250 miles, where no independent stations are operating (there are virtually none presently receiving service), people in the **really minor markets** would also be treated **to at least one non-network program service.** In effect, an NBC-owned indie in Oklahoma City (for example), which is market number 40, could locate a full-time satellite in Amarillo (market 111), Wichita Falls/Lawton (market number 108), and Fort Smith (market 156). **If this pattern were repeated nationwide, each O & O UHF indie would spawn several other new UHF inter-connected satellite indies,** creating mini-indie-networks that would in short order fill in virtually the whole United States with non-network program selection and coverage.

This is a straightforward, honest solution to the basic problems afflicting

the nation's TV-receiving ills. It will not solve *all of the problems*; it may even create a few *new* problems. But one thing is certain: the *public will be much better off* because their program diversity will increase and UHF channels now going unused will suddenly bloom with new programming.

And CATV...how does it benefit? Very simply; because CATV is in the business to deliver *off-the-air signals* to people who happen to live where signals do not reach, because of terrain or distance. CATV would, in the majority, welcome these new signals and the programs they would offer.

Independent Signals

WHY DO BROADCASTERS AND NETWORKS FEAR THE INDEPENDENT STATIONS?

INDEPENDENTS ARE SCARY

If there is one fear that ties the network mogul stomach into knots, it is the fear that someone will burst their bubble. CBS and NBC had an excellent monopoly going in the late 1940's and early 50's. Even when it appeared as if ABC *might* make the grade, they worried *not too much* because many of the ABC affiliates were UHF stations in markets which had two VHF stations: one affiliated with CBS and one affiliated with NBC. Better, they figured, to let a weak third network survive than to create such a rhubarb that someone might *really look into* the situation. Even when the FCC, under intense Congressional pressure, regrouped some VHF assignments to allow ABC to acquire some "drop-in" VHF affiliates in markets such as Rochester and Oklahoma City, CBS and NBC wisely fought only to the wire—*not beyond*. It was OK to do battle, but not if their battling attracted too much attention of Congress. The creed, since the 1940's and early 50's, has been *not to attract* attention to their dominant positions.

ABC has done so well primarily *because they have been clever*, innovative packagers of mass-appeal programming. Today they have almost (*but not quite*) become the equal of CBS and NBC on many fronts, all save one important one: *money*. ABC, which often gives the two big networks fits in the rating wars, still manages to fall far behind CBS and NBC (in that order) in dollars grossed (and netted) for their services.

Still, NBC and CBS have learned their lesson well. At all costs, *even perhaps fighting to beyond the wire this time*, they would battle to kill any possible emergence of a fourth network—of any type.

How viable would a fourth network be today? Several have tried (D.H. Overmyer Communications was the most recent), but apparently most failed to do their homework in advance. There is not now any serious talk of a fourth network, unless you consider the blue-sky CATV proponents who talk *loosely* of tying all cable systems together.

Television networking is a straightforward numbers game. Stations equal markets (thanks to the blind allegiance the FCC has followed), and markets equal people. Big markets equal big numbers, small markets equal small numbers. In the first 50 markets (i.e. the 50 largest markets) there are 44,209,500 homes. In the next 50 markets (i.e. markets 51-100) there are 12,285,000 homes. Obviously, the markets get much smaller in the second 50 than they are in the first 50, in a big hurry.

Things get even worse, *faster*, in the *next* 100 markets (101-200), where there are 9,061,800 homes. The networks probably have few good thoughts about the markets below 100: that they are "provincial in nature" best describes the holier-than-thou *true feelings* of the networks toward their smaller markets.

Still, networking is a *numbers game*, and if ABC has those 9,061,800 homes in the 101-200th markets covered, CBS and NBC have to be competitive and have affiliates there also.

In the top 200 markets (only 212 are listed as "markets," and number 212, Miles City-Glendive, Mt., boasts a startling 2,000 prime-time households) obviously the *action* is in the first 50 grouping (66.4% of the TV households are here). When the next 50 markets are added, there is an additional 18.7% of all U.S. households (capable of receiving television), or now 85.1% of the total TV households. That amounts to more than 85% of every domestic advertising dollar spent; there simply is not much incentive for the networks to worry about the remaining audience which may or may not go unreached.

Still, independent stations (i.e. those *without* network affiliations) are a *worry*. One wonders why, when the record is studied. For example:

- (1) In New York and Los Angeles, where three VHF network stations face the best independent programming that independent

LOOK AT THIS — A FOURTH NETWORK!!

The President's Office of Telecommunications Policy (OTP) advanced a plan several years ago which would "drop in" new, additional VHF channel assignments in many major markets. The basis for the OTP "**new drop-in plan**" has never been disclosed, but it **may** be very similar to that proposed originally by DuMont Labs in 1951 and again in 1952 (DuMont wanted **four VHF assignments** in each of the top 140+ markets).

Virtually everyone at the FCC, plus the existing broadcasters and the networks (of course), have fought this "new plan" since it was introduced. The FCC is currently in the process of going **through the motions** of asking for comments on the proposal, a political action to keep the FCC clean of OTP charges that would otherwise come ("unfair, closed mind," etc.) if the FCC did what it would **most like** to do: **bury the plan**.

When OTP trotted out its "new drop-in plan" initially, someone at the OTP made a **tactical blunder**. It probably did not have any lasting effect on the ability of the plan to fly (it never will **if the FCC** has anything to say about it), but it typifies the FCC's reaction to **any plan** that might change the present network-dominated allocations table.

It seems that the gentleman at OTP charged with bringing the engineering plan for 60+ additional VHF drop-in assignments to life made the **mistake** of calling the plan "**a method whereby a fourth network could get off the ground with affiliates in all major markets.**"

Well, **that was enough** for the networks to climb all over the program, to the point of aborting it before it ever began. And ever since the OTP type made that tactical blunder in announcing the plan, it has been a downhill run for the plan.

television money can buy, on a one-on-one battlefield (New York has three *VHF* non-network stations, Los Angeles

TOP 50 MARKETS vs. INDIE STATION SERVICE

<u>Market/w-Indie</u>	<u>Market No.</u>	<u>Market/w-o Indie</u>
New York	1	
Los Angeles	2	
Chicago	3	
Philadelphia	4	
Boston	5	
Detroit	6	
San Francisco	7	
Cleveland	8	
Washington	9	
Pittsburgh	10	
Dallas/Ft. Worth	11	
St. Louis	12	
Houston	13	
Minneapolis	14	
Baltimore	15	
Miami	16	
Atlanta	17	
Indianapolis	18	
Seattle/Tacoma	19	
Kansas City	20	
Hartford/New Haven	21	
Tampa/St. Pete.	22	
Cincinnati	23	
Milwaukee	24	
Sacramento/Stockton	25	
Portland	26	
Denver	27	
	28	Columbus, (Oh.)
Buffalo	29	
	30	Nashville
	31	Providence
	32	Memphis
New Orleans	33	
	34	Albany/Schenectady
Grand Rapids/Kalamazoo	35	
Charlotte	36	
Phoenix	37	
	38	Charleston/Huntington
	39	Birmingham
	40	Oklahoma City
Louisville	41	
Greenville/Sparta/Ashville	42	
	43	Wilkes Barre/Scranton
	44	San Antonio (1)
	45	Dayton
San Diego (2)	46	
	47	Salt Lake City
	48	Norfolk/Hampton/Newport News
	49	Greensboro/Winston Salem/High Point
Orlando/Daytona Beach	50	

four, which means in Los Angeles the networks are physically outnumbered 4-3), *the networks regularly capture 85% of all prime-time households* (on an across-the-board annual sweep);

(2) Big-money, top-rated programs such as *Chico and The Man* of-

ten break out of the ratings with 30-40% of all market households tuned in; while on the other end of the scale, network prime-time shows that attract 18-20% of the tuned-in homes are quickly dumped. A 30 rating equals as many as 20,000,000 American homes,

LOOK MA -- NO INDIES!

Many top markets have no non-network stations on the air. Some, such as Pittsburgh (Pa.), have so few VHF assignments that all independent stations **must** operate on UHF. This table lists markets which have, and do not have, operating independent (indie) stations at this time (**some 23 years after the allocations freeze was lifted**).

In the top 50 markets, as listed here, there are 14 markets **without** independent stations on the air. These 14 markets total approximately **6,000,000 homes without independent station service**, while the 36 markets in the top 50 **with independent station service** reach 38,200,000 homes. Thus of all independent stations on the air in all markets, **those located in the 36 markets** shown here reach **95.8%** of all homes **receiving over-the-air** (i.e. non-CATV) **independent station service**. Independent stations in these 36 markets reach 58.3% of all U.S. homes, over the air.

To put it another way: if the DuMont Television Network were still alive and kicking today and had an affiliate in every market that presently has an independent station, the DuMont Television Network would reach 60.7% of the homes now reached by CBS and NBC.

A fourth network scares the present networks, **not** because it is economically viable, but because in the process of getting started **it might draw attention** to the iron-fisted position currently enjoyed by existing networks.

while a 15 rating (which is a show *sure to be dumped* from network fare) reaches *only* 10,000,000 American homes.

(Interestingly, 10,000,000 American homes is exactly the number the accounting pundits now attribute to CATV total nationwide influence.)

- (3) All of the markets where independent stations now operate total 39,857,000 homes. This is 60.7% of all U.S. homes now reached by markets that have independent stations. *Should a new network begin*, with an affiliate in *each* of these markets, the *best* it could hope for would be something less than 60.7% reach of the network market *now reached* by CBS or NBC (ABC is lower than the other two in homes reached).

On an average night in America, those homes watching television in those markets with *both* network and independent stations will (in the *best case* for the independents) split about 85-15; with 85% of the homes viewing network fare

and 15% of the homes viewing independent fare. *If all 39,857,000 homes* in those network + independent markets were watching television, *the 15% watching non-network television would total a mere 5,378,550 homes*; or 8.2% of ALL U.S. TV homes. And since a network show attracting 10,000,000 homes is considered disaster, it is hard to understand why network types *worry* about 5,378,500 homes, or just slightly more than half the number which *they consider* a disaster!

There can only be one answer: *greed and paranoia*.

In a word, networks have it so lush, so fat and so good, that they live in *constant fear* their bubble will burst. God forbid that *someone discover the control* they have over the FCC and the way networks manipulate the *public* airwaves! *YET...*

Yet the FCC's cable television rules are clearly established to favor total, uninterrupted cable carriage of network programs. The cable rules, we are told, are designed to protect the

INDEPENDENTS RATE POOR AS AUDIENCE ATTRACTION MACHINES

In addition to being questionable money machines in many markets, independent stations fare poorly against network competition in the audience-rating wars. Even when the independents are prime VHF stations, with comparable coverage patterns to area VHF network affiliates, very few VHF indies do nearly as well in daily sets-tuned-in or weekly sets-tuned-in as their network counterparts. Plainly, independent programming (with a handful of rare exceptions) does not drag audiences in.

CATJ has studied the independents that serve the western United States; from Dallas/Fort Worth/Kansas City, west. In addition to being badly underserved with off-the-air (i.e. non-CATV extended coverage) **independent** programming, this region of the country affords a clean look at the muddled network affiliation practices of the East and Great Lakes.

Market	Indie Station	Channel	Daily Sets		Weekly Sets		Indie Daily % of Net Avg. for Market
			Tuned In: *	Net Avg.	Tuned In: *	Net Avg.	
Phoenix	KPHO	5	175.4	254.6	338.7	383.9	68.9%
Tucson	KZAZ	11	28.4	98.3	68.8	149.8	46.0%
Fresno	KMPH	26 (1)	153.5	50.8	230.1	140.1	33.1%
Los Angeles	KTTV	11	1122.3	2022.6	2731.0	3383.5	60.5%
Los Angeles	KCOP	13	834.1	2022.6	2259.3	3383.5	41.3%
Los Angeles	KTLA	5	922.9	2022.6	2493.0	3383.5	45.6%
Los Angeles	KHJ	9	911.0	2022.6	2385.6	3383.5	45.0%
Sacramento	KTXL	40 (2)	151.9	406.7	358.3	686.8	37.4%
San Francisco	KBHK	44 (3)	249.1	903.1	595.3	1515.9	27.6%
San Francisco	KTVU	2 (4)	701.6	903.1	1428.3	1515.9	77.7%
Denver	KWGN	2	286.0	346.5	517.2	565.0	82.5%
Seattle	KSTW	11	223.7	477.5	488.0	724.9	46.8%
Seattle	KTVW	13	59.9	477.5	166.5	724.9	12.5%
Kansas City	KBMA	41 (2)	154.3	458.3	345.7	707.7	33.7%
Dallas/Ft. Worth	KXTX	39 (3)	17.2	609.9	73.5	1000.0	2.8%
Dallas/Ft. Worth	KTVT	11 (4)	471.9	609.9	924.7	1000.0	77.4%

- (1) Station is located in ALL-UHF market.
- (2) Station is only UHF commercial station in market (network competition is VHF).
- (3) Station is only UHF independent in market, faces VHF nets and one or more VHF indies for competition.
- (4) Station is one of two or more indies in market, but only VHF indie.

In the western region of the United States, there are 181 network stations and the 16 independent stations listed here. Indies are as a group 9.4% of the station total in this area, or roughly one station in 10.

*—Sets are in thousands (i.e. 154.3 = 154,300 sets)

public investment in over-the-air-television. The argument goes "if cable endangers the survival of a television station in Jonesboro, Arkansas, it will not be the people of Jonesboro (where there is cable) or Pocahontas (where there is cable) who will suffer. For if cable forces the Jonesboro station off the air, the rural people living outside of the reach of cable will lose their local television, and perhaps their only television, while the people in Jonesboro,

Pocahontas, (etc.) will lose their local television forum and become dependent upon distant signals, from say Memphis or Little Rock."

So the cable rules preclude the Jonesboro or Pocahontas cable systems from carrying, on their cables, more than three network signals (one each ABC, CBS, NBC), an ETV/PBS outlet (from Little Rock), and one (just one!) independent signal.

The cable operator sells (1) better-quality reception, and, (2) big-city selection of programming. In Jonesboro or Pocahontas, better quality comes easy: simply produce three network signals clean and free of interference. But big-city selection comes hard. Even with a tall CATV tower, the *nearest* independent stations are hundreds of miles distant in St. Louis. If the cable operator can *afford* the expense of a microwave relay to bring the St. Louis signal down to Jonesboro or Pocahontas, he is limited to a *single independent signal* because the FCC tells him that is all he can have.

"More than one independent signal in Jonesboro or Pocahontas may disrupt the economic base of the Jonesboro network affiliate," the FCC argues. *All of which is totally without fact*, because even in Los Angeles with four available VHF independents (*plus three UHF independents*), the networks manage to *hold on to* their 85% control of all homes tuned in, throughout the year, in prime evening time.

Independents are *not* scary. They are barely hanging on in most markets,

and the networks have nothing to fear. Nor does the Jonesboro television station have reason for concern, even if the Commission allowed the residents of Jonesboro and Pocahontas *free rein* on up to four or five independent signals. People in Jonesboro and Pocahontas would still divide up 85-15, even in the best case (for the independents), and the networks who have the money to produce and transmit the *best* mass-appeal shows would end up with the same type of audience splits they now enjoy in New York, Los Angeles, and Chicago, where the public has a more wide-ranging choice of programs to select from.

Clearly, the networks have advanced an economic-injury argument, and the FCC, deliberately or dumbly, has bought it hook, line, and sinker. The benevolent networks *cry out* to protect the future existence of the Jonesboro station and its 55,700 daily home-viewing audience. *Hogwash...if the Jonesboro station burped and went off the air tomorrow, the networks would probably not even send flowers.*

Small Steps At First

HOW CATV SOUGHT TO SERVE THE UNSERVED

AND SO WE BEGAN

With a nation agog over the magic of moving pictures in the home, it should be no small wonder that someplace out there *somebody devised a system* to bring television into areas deprived of direct reception. In our March *CATJ*,

we reprinted an early technical article describing one such system in Lansford, Pennsylvania (Page 52, March *CATJ*). What early pioneer Bob Tarlton did, as reported in the March 1951 *Radio-TV News*, would be dupli-

cated in concept by dozens of others in the years which followed. The "Television To Panther Valley" article *probably did more* to inspire the CATV industry into being than any other effort of that era. However, not everyone had a nearby mountain handy, and for television to reach into their areas, they would need more than height above ground to capture their signals. The *first attempt* to get CATV microwave off the ground illustrates.

Late in 1951 a fellow named J.E. Belknap in Poplar Bluff, Missouri made a formal application to the FCC to build a common-carrier microwave link to carry programs of pioneer station WMCT (Memphis) to Kennett and Poplar bluff, Missouri, Belknap proposed to pick up the WMCT signals near Memphis, carry them to Kennett (over a 75-mile path) and then west to Poplar Bluff (another 40 miles). Belknap also suggested that *if he were granted permission* for his new concept, he might expand the service north to Cairo, Illinois and Paducah, Kentucky. In each community he would encourage installation of "Panther-Valley" type of CATV distribution equipment. Belknap proposed to sell the microwave service to the TV set dealers who would run the local CATV systems (such as Bob Tarlton in Panther Valley) at \$5,000 for the installation and a set fee for sets connected to the CATV lines beyond 100 sets of \$25 each. Belknap also proposed a *monthly service* fee of from \$1.75 per set to 75 cents per set, depending upon the quantity in each town connected to the CATV systems, for on-going microwave signal delivery.

The Commission, in accepting the application, indicated that this *new approach* to television for dis-enfranchised areas would require them to consider:

"...the status of existing CATV systems which pick up their signals using local high-gain antennas, vis-a-vis the (Belknap) proposal which would depend entirely upon mi-

crowave feed for their signals; how the installation of such (microwave fed) systems (CATV) might eventually effect the allocations of VHF and UHF stations in the areas; whether new rules should be adopted to allow for the construction of CATV systems using both direct reception and microwave feed to provide television reception to communities..."

That *would have been* an excellent time to establish the ground rules for the CATV industry, when fewer than 40 systems were operating and the total number of home receivers connected was under 25,000. But the Commission had bigger fish to fry in 1952, and in the late summer of 1952 they turned down the Belknap request with the following statement:

"The proposed system raises serious questions as to whether it would be a Common Carrier type of system, and it might therefore be in violation of the Communications Act. The Commission is also concerned about the continuation of the service once installed; the applicant proposes a large initial connection fee for the proposed system, and a relatively small monthly fee based upon the number of subscribers connected via coaxial cable to the microwave delivery system. The application does not spell out the assurances that the system will be properly maintained for continuing service."

So while *the Commission looked* for the eventual relaxation of the 1948 freeze to wipe out *any and all* dis-enfranchised television service areas, enterprising fellows like Tarlton and Belknap went to work searching for methods to provide television reception for their towns.

During the early 1950's, both during the freeze and immediately after it, CATV entrepreneurs worked to counteract the laws of physics, laws which kept direct-home reception from reaching people living in valley communities, behind mountain ranges, and far beyond the TV coverage horizons of the nation's TV broadcasting stations. *No one paid much attention to what they were doing; except of course the*

grateful people who depended upon their services for their television reception. No federal government program authorized CATV; no federal government grants paid for it. Television was, as Chairman Coy said repeatedly, "*A powerful new force unleashed in this land,*" and as a later pundit would observe, "*the medium is the message.*"

Apparently it suddenly became fashionable for people in high circles to *speak* to the nation's CATV operators, for at the 1955 annual NCTA gathering FCC Commissioner John C. Doerfer appeared before the group and gave some indication of his agency's growing interest in CATV.

Prior to the NCTA gathering, station KXLF-TV in Montana had told the operators of the Bozeman Community Television group that the CATV system had no authority to "*pick up the programs broadcast by KXLF*" and it should immediately "*discontinue reception and retransmission of such signals.*" KXLF noted that "*our programs are broadcast for free public reception only and are not transmitted for the purpose of any company, group, or individual to realize profit therefrom. This station has contracts by which the (transmitted) programs are purchased, which prohibit and forbid their duplication, use, or retransmittal for profit...*"

To which the Bozeman group replied:

"We are unable to reply with your request, because our system (CATV) simply involves operation of an antenna performing a service for subscribers. It is our understanding that the members of the public are entitled to receive the signals broadcast by your station. The function of our company is merely that of receiving, on behalf of our subscribers, the

signals which you have broadcast to which they are entitled. This company does not realize any profit from the programs broadcast by your station. On the contrary, the remuneration is for antenna service which we render and is in no way related to the programs which may be broadcast by your station at any given time. Once a signal is broadcast, it is dedicated to the public; the station retains no rights to the signals."

Keying off on the first TV station-CATV clash over property rights, Commissioner Doerfer told the assembled NCTA gathering:

"No one connected with the modern miracle of electronic communication, particularly anyone taking part in the broadcasting field, is unaware of the development and growth of community antenna systems. Today it is a 20-million-dollar industry. Approximately 400 companies are bringing a television service to approximately 300,000 homes, or roughly 1,000,000 U.S. viewers.

"If this enterprising, initiative and spirit did not prevail, today most of these people in blacked-out (direct reception) areas would be without a (television reception) service. This fact alone is a splendid tribute to your ingenuity. Your honors are all the more deserved because you have ventured into an uncharted sea still full of dangerous rocks and reefs. No government agency has given you any guidance nor substantial encouragement, and none is in sight."

The pat on the back over with, Commissioner Doerfer set out to tell these early-day pioneers in CATV what they *might look forward to* from the FCC:

"Let me remind you that the objective of the Commission is to make possible for everyone in the United States at least one free television service. It would be more consistent with American philosophy to accomplish this by providing opportunity, rather than by imposing artificial restraints or outright prohibition of a competing CATV service by government fiat; whether CATV systems are ultimately designated common carriers or broadcasting..."

EMPHASIS REQUIRED—

CATV began as an antenna service. In more than two thousand (1975) operating systems, it remains an antenna service. Attempts to regulate CATV have always ignored this basic fact, but ignorance of the fact will not change the fact. CATV, an antenna service, is "clearly functioning on the side of the viewer..."

LET IT BE CLEARLY UNDERSTOOD CATV HAS MADE ITS SHARE OF MISTAKES

STRONG MEN

Amos (Bud) Hostetter, Vice President of Continental Cablevision, Inc., recently observed, "(the CATV industry) is primarily made up of self-made individuals with strong opinions on everything." It is unlikely that in the history of the FCC, dating back to the Federal Radio Commission's formation in 1927, under the direction of a gentleman named Hoover, that the federal government's communications regulators have ever taken on such a headstrong, individualistic group of entrepreneurs.

Throughout the 1950's the FCC stayed essentially clear of CATV, apparently because it (1) was too involved trying to get off the hook for the mess they made of television allocations, and, (2) was harboring the mistaken belief that eventually CATV would go away on its own.

The FCC made numerous statements in the 50's, and most boiled down to "We don't have the authority to regulate CATV." In 1959 the FCC thoroughly studied CATV (they say, although some will dispute the thoroughness of that study). Prior to 1959 the FCC had declined to regulate CATV as a common carrier (see Frontier Broadcasting Co. vs. Laramie Community TV, Memorandum Report and Order FCC 58-311, FCC 151, P. & F. Radio Reg. 1006) or as a broadcasting facility.

Still, the Commission was not going to give up easily. In 1958-59, the FCC was the direct recipient of numerous "complaints" from existing television stations who claimed that CATV was having (or was going to have) *competitive impact* on the continued operation of FCC-licensed television broadcast stations. An FCC report issued in 1959 makes the statement, "It is claimed that CATV is disrupting the Commission's carefully planned Table of Television Channel Allocations (emphasis ours!) designed to provide nation-wide television service (emphasis again ours!!!), yet only serving where it is convenient to the CATV operators."

Strangely, what everyone seemed to overlook in 1959 was that the CATV operator served not totally where it was convenient for him to do so, as much as he served where the allocations table and the broadcasters found it inconvenient for direct (off-the-air) television reception to exist.

The FCC, in its 1959 report, said of CATV economic impact on broadcasting, "There is undoubtedly some (economic) impact, although in what situation this impact becomes serious enough to threaten a station's continued existence or serious degradation of the quality of its service we cannot tell from the data before us".

It should be pointed out that by 1959 the cozy relationship between the net-

works and the FCC was already an accomplished fact. In this era, the FCC had one overriding phobia: that any more (even one) television stations should go off the air and blame the FCC for *not helping it stay on the air*.

Recall that the Commission had gone through a period in the years immediately after the freeze when several hundred UHF permittees went dark (some never lit up at all). The Commission had faced a fiery Senator Magnuson, an equally fiery Senator Pastore, and they had escaped by the skin of their teeth when they recommended that the VHF-UHF problem be studied by a Committee (see CATJ for March, Page 51). So in 1959, the *last thing* in the world the Commission sought was a *new round of Congressional queries* into the way they were handling the public's investment in television. The broadcasters found *this soft underbelly* at the FCC, and they wasted no time *irritating the sore*.

And CATV, a new industry, an unorganized industry, was in no position to combat the beginnings of "economic impact arguments" with which the broadcasters began to bombard the Commission.

So having studied CATV in 1958-59 and finding that "the data before us..." did *not* substantiate broadcaster claims, one might think that *on the merits* of the situation the FCC would *back off and go away*.

They did not. Quite the contrary, they further stated, in 1959: "*There are three basic legal questions before us and involved in any action which the Commission might take (to regulate CATV):*

(1) *What basis is there in existing laws for regulating CATV (i.e. where in the Communications Act of 1934, or as subsequently amended, did the Commission have the legal right to regulate a television receiving system)?*

(2) *Is it legally valid to control CATV by denying common-carrier licenses to microwave systems serving a CATV system, where there might be (emphasis ours!) an adverse economic impact on a local station?*

(3) *Is (real-life, unquestionable) economic injury to a local station a valid public-interest justification for denial of a license to any type of competing auxiliary facility?"*

Having outlined the regulatory possibilities open to it in 1959, the Commission then decided that "*regulatory possibilities under present (1959-60) rules considered have been common-carrier, broadcasting, plenary power, and property-right principles under Sections 325 (a) and 312 (b) of the Communications Act.*"

Common Carrier — CATV did not (and does not) fall into the legislative intent of the definition of "*Common Carrier*," because CATV does not provide the "*means or ways of communication for the transmission of intelligence as the subscriber may choose to have transmitted.*" In other words, the CATV operator himself chose (although not necessarily as he might wish to!) the material to be transmitted (or cable carried, if you have trouble with the phrase "*transmitted*"), through the station-selection process he exhibited at his head end (antenna-receiving site).

Broadcasting — CATV did not transmit signals through the air, so clearly they are not engaged in broadcasting. Furthermore, a CATV system was *not* covered by the 1934 Communications Act definition of "broadcasting station, or instrumentality engaged in broadcasting." End of that one.

Plenary Power — Plenary power simply means that the Commission *catches everyone* with plenary power whom they miss with specific powers. Plenary power is full and absolute power. However, *it requires that before they take plenary power action in*

a new area *they prove their case*. This was something the Commission was clearly *not* prepared to do, so they dismissed plenary power with the statement (appearing in 1959 FCC report), "We do not believe we have 'plenary power' to regulate any and all enterprises which happen to be connected with one of the many aspects of communications."

Property Rights — This one has particular meaning today because of the rhubarb going on within the industry over copyright (a form of property rights). The Commission dismissed their rights (in 1959) under this area by stating, "We can find no grounds for requiring CATV systems to obtain consent from originating stations to use any of that station's broadcast program material. CATV is not rebroadcasting within the meaning of Section 325 (a), and there are no grounds for issuance of cease-and-desist orders aimed at CATV systems under Section 321 (b)."

Now remember, this was *all* said by the FCC, in 1959. And they said *all* of this *after studying CATV* and while broadcasters were making their first run at CATV with the (now) tired "economic impact" argument. On that matter, the Commission found:

"We find no way to regulate CATV with the current rules because of its adverse impact since *even if* this were a legally valid argument, it would be necessary to handle each case *on an individual basis* (both sets of emphasis ours). *Thus the problem would not be solved*" (emphasis again ours!).

Hey... *what problem!*

The only "problem" anyone was even screaming about was *alleged economic impact* on TV broadcast stations (something that *never* has been proven by any broadcaster any place).

Let's back up a few paragraphs to where the Commission began its 1959 report. There they started off by saying, "... *there undoubtedly is impact*

(interpretation: we could not find any in our study, but if broadcasters say it is there, then it must be so!), *but in what situation this impact becomes serious enough to threaten a station's continued existence... we cannot tell from the data before us...*"

Economic impact was *all* that broadcasters were screaming about in 1959, and by the Commission's own admission, the FCC *could not find any* (although they continued to assume it was there).

Now after disposing of their own ability to regulate CATV, in 1959, under the 1934 Communications Act (the *same* 1934 Communications Act we have today!), they refused to even consider cease-and-desist orders against cable *on a case-by-case basis* where economic impact *could be proven* because (they said) "*it would be necessary to handle each case on an individual basis,*" and "thus the problem would not be solved."

Good grief! The 1975 FCC has no corner on being dumb. The 1959 Commission may never hold a candle to the 1952 Commission that produced the now infamous television allocations table, but they could run a close second.

"*Thus the problem would not be solved.*" And why not? *If the problem was economic impact*, and this had to be done on a case-by-case basis (for obvious reasons), *why would that not solve the problem?*

The answer is obvious. The Commission *never stated the problem they saw* in 1959. Survival of television broadcast stations *was merely a flag* to rally around to enable the Commission to *catch the attention of Congress* and to press for legislation that would allow the Commission to move into CATV; totally.

It is clear—*woefully clear*—that the 1959 Commission was *power hungry*, as *regulatory growth* conscious, as any Commission since that time.

The problem *this* Commission saw was *not protection of broadcasters*, or anyone else. It was, "How in the hell do we regulate cable, so we (the Commission) *can broaden our sphere of influence and increase our activities?*"

If anyone in the CATV industry took solace in the wording of the 1959 Commission study of CATV, *it lasted less than 90 days*. Because within three months of the issuance of that report, the Commission made a change in (then) Section 21 of its rules and regulations governing microwave systems. The Commission called this change "*procedural in nature, and therefore . . . not requiring a rule-making proceeding pursuant to Section 4 (a) of the Administration Procedure Act. . .*" If the CATV industry had been *better organized* at that time, it would have taken the Commission to court on the "*procedural nature*" of that change, because in one deft stroke of the pen *the FCC put virtually every microwave-fed CATV system on the ropes* by taking away their existing rights, under Section 21, to own and operate microwave systems.

The handwriting was on the wall, but CATV systems were too busy climbing their mountains and running their drop cables to notice. However, in 1962 and 1963 even the most ostrich-like CATV operator came down off of his tower long enough to learn about the Commission's action with something subsequently referred to as the *Carter Mountain Transmission Co.* case.

Historically, the Commission had refused to deny broadcast licenses on the *mere allegation* by an existing station that there may not be enough (advertising) business in the area to support two (or more) stations. The first such legal case involving the Commission was in 1940, involving a radio station application. In 1958, the United State Court of Appeals, Washington, in handling another similar case (*Carroll Broadcasting vs. FCC*), did tell the

Commission, "*You are cautioned to consider whether public interest will be affected by the economic impact on an existing broadcast station.*"

Now the reason why the Commission never got into *economic impact* before 1958 was very simple: *the Communications Act of 1934 never gave the Commission the power to do so*. And the Commission clearly *knew* this. But in *Carroll Broadcasting vs. the FCC* in 1958, the U.S. Appeals Court tacked on as almost an afterthought the "caveat" to the Commission that the FCC was "*cautioned to consider the economic impact of a new station as it might affect the interest of the public.*"

It was not a legal precedent, but the Commission would *treat* it as one. And it was meant to be applied *only* where economic impact *could be proven*, not alleged. And the Commission has stayed way clear of "handling economic impact cases on an individual basis" for one very good reason: because, someone at the Commission has always been around to warn the Commission that *if they actually allowed a CATV system to take a broadcaster to court where the broadcaster would be forced to prove economic impact*, that the economic-impact crutch the broadcasters were leaning on would probably be removed by the court in swift order.

So the Commission adopted the premise *that to allege was sufficient*; and for more than 15 years broadcasters have been *alleging* right and left, and the Commission has been saluting the flag each time it has been raised.

The CATV industry is possibly the only industry in the country today which is totally regulated on *speculative impact* on existing industries. When the trucking industry started to make inroads into the railroad freight-hauling business, the ICC moved in because there was *proven economic impact*.

Let's face the truth squarely. The FCC has about as much business regu-

lating the CATV industry as President Ford does operating the switchboard for the Democratic National Party Washington headquarters office!

NO - WE ARE NOT SAINTS...

Now while the FCC had no intention of letting CATV operate unregulated, and it would (and it did) break each of the Ten Commandments in fabricating regulations for CATV, CATV has (admittedly) not exactly kept its skirts clean.

First of all, we did a very bad thing to a very powerful Senator: Senator Pastore of Rhode Island, to be specific. We went to the Senator and we asked for regulation, and the Senator drafted a bill which we helped fabricate into final form (in 1959). Then we decided at the last possible minute we didn't like the bill and that we didn't like the

theory of regulation (which *should* have been the position to begin with), and we *fought against our very own bill* and against the Senator from Rhode Island. That was not nice, and Senator Pastore will *remind* you of that if you ask him. He *may* even remind you of that if you do not ask him.

Then CATV began to follow false prophets. Along about 1962, the complexion of CATV started to change. Up until that time, if a man owned more than one CATV system, chances were pretty good he owned them in close proximity to his first system.

Now CATV was, in 1962, a good way to make money. It did not compare to operating a television station (average profit of a television broadcast station in 1962 was \$437,061 per station, for VHF), but it was a heck of a lot better than picking fruit in California's San Joaquin Valley. Because CATV made

CARTER MOUNTAIN A BUMMER

The FCC was clearly looking for a case to establish precedent when **Carter Mountain Transmission Co.** came along in Wyoming. On February 14, 1962, the Commission granted a protest by Joseph P. and Mildred V. Ernst, owners of KWRB-TV, Riverton, Wy., and **denied** the pending application of Carter Mountain Microwave Transmission Co. for **additional** microwave TV facilities to serve CATV systems in **Thermopolis, Riverton, and Lander, Wy.**

The Commission found that the **threat** of economic impact by the expansion of the CATV facilities **might** degrade the KWRB service to the point where the television station would be forced to leave the air. In doing so, the Commission said:

"The Commission weighed showings that KWRB-TV is the only local TV outlet for the community against the fact that an increase in Carter's facilities would permit the rendition of better and more-efficient service to the CATV-served community.

"If the Riverton pattern is permitted to be altered and the substantial return from Riverton (to KWRB) is reduced, KWRB-TV, despite the fact that it would strive harder, would find it more difficult to sell its advertising in the face of the split audience, and this situation, together with the facts of record, results in our judgment that the demise of this local operation would result."

The Commission, in fact, **admitted** that the demise of KWRB-TV was an exercise in forecast-judgment by the agency.

In the spring of 1961, the FCC held field hearings in Wyoming on the matter of licensing (then illegal) **VHF boosters** for operation **inside** the KWRB-TV service area. At those hearings, KWRB-TV did everything it could to get the Commission to agree that VHF translators should **not** be licensed in the KWRB service area. The KWRB representative told the Commission representative, in 1961, **"If VHF translators are allowed to bring out-of-town signals into Thermopolis, Lander, and Riverton, KWRB will be forced to leave the air, for it cannot compete in this limited market with signals from other stations."**

Con't. on Page 57

pretty good money (*notice please that made is past tense!*), the industry began to attract some big-money companies. It attracted the General Electrics and the Westinghouses and the ITT's and the broadcasters. *Lord, how it attracted the broadcasters!* In short time, 10% of all operating CATV systems were being run by broadcasters (the figure today is over 35%). And initially most of these new people were *not* (then) *building new systems* in new communities; they were buying *old systems* in communities that had been enjoying cable for five, 10, or 15 years.

This new breed lost no time infiltrating the national CATV association, the National Community Television Association (NCTA). In short time, they had an active, vocal minority on the NCTA Board of Directors. And they had *much bigger dreams for CATV* than the mere reception and distribution of off-the-air television sig-

nals to communities that lay behind a hill or over the mountain.

It was inevitable that this new breed of owner/administrator and hired engineer would one day stop counting their subscribers long enough to proclaim, "*...hey, you know what? Coaxial cable can carry thousands of signals at one time!*"

Now to the non-technical types reading this report, the fact that coaxial cable can just as easily transport thousands of signals simultaneously, as the 5-12 TV signals then commonly carried, may not have much impact. *So consider this for an instant.* If each signal carried by a piece of coaxial cable could be *separately* addressed to *distinct* homes or businesses, selectively, then the cable system which previously only carried television to everyone (*collectively*) would become a system that *also carried* special messages to anyone, *individually*.

To really make the Carter Mountain case less than justiciable, from the Commission's espoused "protection for KWRB" point of view, is the following letter appearing in the August 1962 issue of **TV Horizons**, from Roy Bliss, Secretary-Treasurer of Western Television Corporation:

"Your February issue contained a full-page description of our situation with the 'local' television station, KWRB-TV.

A point not mentioned in your report and one the Federal Communications Commission tried to and did ignore is the fact that Western TV, when it became evident that long delays were in store for us, as operators in Thermopolis, Riverton, and Lander, went ahead and constructed long cable/wire lines to do the same thing with wire which microwave would have allowed us to do.

For example: (1) Thermopolis — We installed 21 miles of four-inch spaced open-wire line from Copper Mountain to Thermopolis, carrying two channels; (2) Riverton — We installed three miles of conventional open-wire line to bring KTWO, Casper, into that town; (3) Lander — We installed nine miles of ladder line to bring KTWO into that town."

So what did Carter Mountain, as a case, prove? It certainly did **not** keep KWRB-TV from **having competition** from other area stations in Thermopolis, Lander, and Riverton. It **only** served as a precedent case **for the Commission**; and the Commission created this precedent case, **upon which so much else would be based in the future**, by patently **ignoring** the record and singling out CATV microwave for special treatment, while at the same time it was **allowing VHF translators** to serve the three affected towns with the **same signals** which CATV microwave could deliver, and which CATV long runs of open-wire line did finally deliver!

And did KWRB-TV fold up, faced with this competition? Not on your life... the Ernsts still operate the station, and **it is still on the air**, serving an average weekly circulation of 9,300 receivers in west-central Wyoming!

Then those who enjoyed some comfort in the knowledge that *their existing system* had some value (i.e. Bell, broadcasters, et al.) were more than a little *concerned* that their present value might diminish in inverse proportion to the way cable-owning company stocks rocketed ahead. So naturally, those who might be affected adversely by the revolution started to gather *their own* "armies."

So the new dawn of CATV, which began during 1963, had more than its share of adversaries going in. What is apparent now, *in historical perspective*, is that the cable revolutionary army was *small* in size and that it represented the CATV industry *in name only*. It had *not* then attracted the gents still out climbing their own towers or running their own subscriber drops. *Twelve years later*, in 1975, *it would still not have attracted anything approaching half of the CATV system operators*, although until the Community Antenna Television Association came along, it would appear that virtually *everyone* in the industry was taking part in the revolution. But that is getting ahead of our chronology.

NCTA RESEARCH COUNCIL

By 1963 the National Community Television Association was *largely* in the hands of the "new breed" of system owner/operators.

The NCTA had formed in Pennsylvania in 1951; by mid 1952 it had approximately 35 members. All were "master antenna receiving system operators," none were utilizing microwave for signal transportation (it was not legal at the time), and most were hometown boys with a hometown product.

The NCTA came into its own when something called the 8% Excise Tax was brought to the attention of Congress—and eventually repealed. The 8% Excise Tax cost every cable sub-

scriber an extra 8% on top of their regular installation fee. The tax was eventually dismantled (1956), largely due to the efforts of the CATV industry and its Association, through the offices of one (then) young attorney named Edwin S. (Strat) Smith. Based upon the success of repealing the 8% Excise Tax which affected CATV, a law firm would be formed: Smith & Pepper. And that law firm would handle the "account" of the still-new NCTA.

The NCTA would hire one William L. Dalton, the first trade association professional, as President.

In perspective, Dalton came into the CATV industry (from a field not related to CATV) espousing something called "broadband communications" (interpretation: 'CATV coaxial cables can transport much *more* than *mere* television signals').

Dalton gained his perspective of "broadband," it is said, from those members of the NCTA Board who interviewed him for the job. Dalton not only *believed* in the broadband concept, but he had *explicit instructions* from some members of the Board to "mold the CATV industry in that image."

The selling job done on him, Dalton had the immediate job of implementing the program. It would not be easy, because a thin majority of the NCTA Board was *still* firmly committed to the "*master antenna*" concept. The NCTA legal line at that time was still, "*We are operators of master antenna services. . . .*"

Because the NCTA Board was not controlled (*yet*) by the Broadband people, approximately eight NCTA Board Members determined that an *Ad Hoc Committee* would be formed and *independently* funded. The Committee was to be called the *NCTA Research Council*. Financing for the Council came from *ten broadband-oriented* operators, each putting \$5,000 into the pot to

create a first-year budget of \$50,000. The Council was not only independently funded, it was to be *independently run*, separate from NCTA. When the Ad Hoc group *went back* to the NCTA Board with their program funded and ready to roll, it was presented to the NCTA Board as an accomplished fact. The NCTA Board, still thinly controlled by traditional (master antenna) system operators, was presented with a choice: allow the new Ad Hoc group to go its own way *and threaten to mushroom into a new trade association* made up of broadband people, or accept the Ad Hoc Committee program *as a part* of the NCTA program.

Faced with this decision, the NCTA Board decided to give the Ad Hoc group semi-autonomous stature by calling the group *The NCTA Research Council*, with the agreement that the Council would report *directly to the NCTA Board*, not President Bill Dalton. Funding, however, was not from the NCTA; the \$50,000 initially raised by the broadband people would have to support the effort for one year.

The acceptance of this program by the NCTA Board was not without many misgivings. One prominent operator, Carl Williams, recalls listening to the division of the industry and the agreement reached and sketching on his yellow legal pad a house with a rooftop antenna, and next to that another drawing of the same house with the rooftop antenna broken over. Under this sketch Williams set down the words, "*... this is the end of the master antenna theory of CATV...*"

The importance of the Research Council was not so much what they did or how much good the Council did for the broadband concept (most would agree that the Council produced no really industry-shaking developments), but rather the sudden emergence of *broadband in CATV*, and the rapid *take-over of the industry trade association* by broadband proponents.

Who Has The Image?

So *the image of CATV* became largely broadband in coloring, a situation that exists today. *Yet today*, 12 years after the concept gained favor and the NCTA Board became dominated by its proponents, *no more than 3% of all operating CATV systems have operating broadband communication system technology.*

So We Asked For It

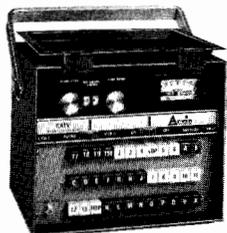
So *NCTA asked* for the regulatory interest of Washington and Albany and Hartford. We asked for it because our image was newly molded in the concept of "revolutionizing American communications." Cable *threatened* to change the face of America; only twelve years thereafter, *the threat is still a mere threat*, and given today's regulatory climate, we as an industry will be fortunate if twelve years hence we are still *even* providing master antenna services!

The regulatory spheres in America believed we were *capable* of effecting a communications revolution, and they have (and are) regulated us accordingly. And in the process of regulating us as if we were as revolutionary as we sounded, the basic services which all systems provide (more than 2,050 systems *still provide nothing but the basic* master antenna service for their communities), the very life blood of CATV, off-the-air broadcast signals, is being taken away.

Ten million American homes now receive television through CATV services. Virtually all of these homes have interconnected to their local CATV services because *television reception* on rooftop antennas is poor in their areas. Television reception is poor for (according to OTP) no fewer than 22.4 million U.S. homes. CATV can equalize the mistakes of the FCC and provide for an equality of television broadcast services to most all of disenfranchised America; if only it will be allowed to do *the one job it does best...*



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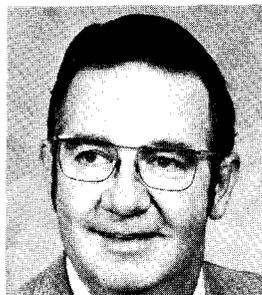
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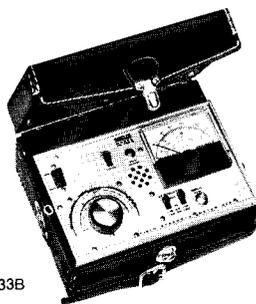
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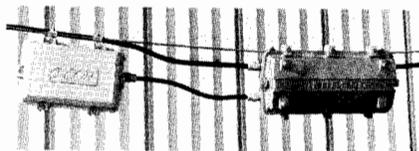
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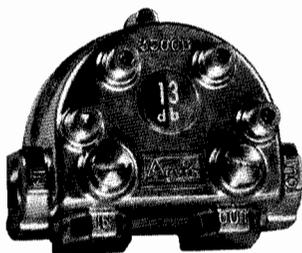
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