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**A Review of  
Cable Television and  
The Communications  
Act of 1978**

**Issues & Comments**

## Introduction

On June 7, 1978, House Communications Subcommittee Chairman Lionel Van Deerlin (D-Calif), and ranking Minority Member Louis Frey (R-Fla), introduced the Communications Act of 1978 (HR 13015).

This legislation is intended to replace the 1934 Communications Act, the Federal law under which the Federal Communications Commission has been regulating telephone, television, radio and other communications services. Cable television is not mentioned in the 1934 Act for the simple reason that it did not exist when the Act was written. Nevertheless, cable television has been regulated by the FCC as "ancillary to broadcasting," and, as a result, been subjected to regulation designed to limit consumer choice and protect television broadcasters from competition.

NCTA supports the efforts of Congressmen Van Deerlin and Frey to update national communications policy. However, there are provisions within the current legislation that demand careful review. The following topics related to the new Communications Act are of great significance to the future of cable television:

- A Federal Purpose for Cable Television
- Federal/State/Local Regulation of Cable Television
- Telephone/Cable Television Cross-Ownership
- Separate Subsidiaries—Cross Subsidization
- Prohibiting Cable Operators from Programming Their Systems

The majority of quotations in this overview are from the Hearings on HR 13015 conducted by the House Communications Subcommittee. It is the Subcommittee's intent to re-draft this legislation after evaluating information presented at these hearings, and introduce new legislation after the first of the year.

For further, more detailed information on the cable television industry's response to this legislation, contact NCTA's Government Relations Department.

## A Federal Purpose for Cable Television

### Background

HR 13015 (Section 102(b)), provides that the new Communications Regulatory Commission (CRC) will not have jurisdiction over "any intrastate telecommunications facility" which does not utilize the electromagnetic spectrum in the direct distribution of its service to consumers. As a result, there is no Federal recognition or role for cable television, while the communications entities with which cable competes are dealt with on the Federal level.

### NCTA Position

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Cable television currently provides service to one out of every five households in the United States. It is projected that by 1981, 30% of all households will be served by cable television.

Today, cable television systems are interconnected by satellite and terrestrial microwave in order to provide the public multiple program options from national distributors. In fact, the cable television industry is now the nation's leading user of domestic communications satellites with nearly 800 earth stations in use or nearing completion.

Cable television is an interstate, national medium which also has a unique capability of serving local communities. As such, a baseline Federal policy should be established. This Federal purpose should provide a coordinated national policy. The absence of such a Federal purpose would inevitably lead to conflicting non-Federal regulations based on parochial, not national, interests.

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### What Others Have Said

**Charles D. Ferris,**  
Chairman, Federal Communications Commission

"If cable television provides new services for the public it could have a significant impact on national telecom-

munications policies. . . . HR 13015 would preclude Federal cable regulation, presumably in order to stimulate new services, but the bill would not pre-empt non-Federal cable regulation . . . I wonder, however, if it is consistent for the bill to endorse regulation by the marketplace and to de-emphasize Commission regulation, while ignoring potential state regulation."

July 18, 1978

**James Quello,  
FCC Commissioner**

"It is my frank opinion that total abdication of jurisdiction over cable television may be ill-advised . . . it seems to me that rather than deleting all Federal jurisdiction over cable television, the bill might well provide for assertion of jurisdiction in specified areas or under certain circumstances."

July 18, 1978

**Abbott Washburn,  
FCC Commissioner**

"I also share his doubts (Ferris) about the wisdom of removing all Federal regulation from cable television. This could end up subjecting the cable television industry to a crazy quilt of state and local regulations."

July 18, 1978

**Dean Burch,  
Former FCC Chairman**

"I do not agree that cable is not part of the national scheme . . . I think cable is an important part of our telecommunications system."

July 19, 1978

**Fred Ford,  
Former FCC Chairman**

"It is my view that cable television is engaged in interstate commerce under the provision of this bill despite the language of Section 102(b)."

". . . I have a very strong feeling that in order to have a unified national system the Congress should exercise its prerogative to regulate this national business."

July 19, 1978

**Sister Angela Ann Zukowski,  
Communications Office of the Archdiocese of Cincinnati**

"We support the concerns raised by many over the neglect of cable tv in the current draft of the proposed Communications Act. The prediction is that cable television will someday revolutionize communications and television as we know it today. In their rush to Federal deregulation, the drafters of this bill should have paid much closer attention to this rapidly growing industry."

September 15, 1978

## ISSUE:

# Federal/State/Local Regulation of Cable Television

## Background

Section 102(b) of HR 13015 prohibits Federal regulation or oversight of cable television. Additionally, the bill establishes no guidelines for cable regulation at the state or local level, nor does it limit the number of levels of government which may regulate or the manner of regulation that may exist at the non-Federal level.

## NCTA Position

HR 13015 will generate the same kind of restrictive regulation at the local level that it abolishes at the Federal level.

The bill would permit a state or local governing body to repeat the regulatory mistakes which have previously been made in Washington and are now recognized as ill-conceived and anti-competitive. Under HR 13015, non-Federal governments would be allowed to develop restrictive rules for the purpose of retarding cable service in order to protect broadcasters from competition.

NCTA has presented to the Communications Subcommittee documented examples of states and/or local communities that have restricted either cable entry or particular services, because of cable-competitor pressure.

Current Federal standards have been the major barrier preventing burdensome non-Federal regulation. Even at present, cable television is subject to three-tier regulation—local, state and Federal. There are issues of national policy that warrant Federal cable television guidelines. Likewise, there is a role for non-Federal oversight—either at the state or local level, but not both on identical issues.

If the Congress determines that a national communications medium such as cable television should be deregulated at the Federal level, the Congress should also assure that a competitive environment free of

unnecessary regulation also exists at the non-Federal level.

## What Others Have Said

**Newton Minow,  
Former FCC Chairman**

"In the case of cable, that is a place where the technology is changing so fast that I don't see why we would want to transfer that out to 50 states, each having its own rules, which I think would tend to impede a very rapidly changing technological advance."

July 19, 1978

**Abbott Washburn,  
FCC Commissioner**

"I think it subjects the cable television industry to kind of a never-never land of perhaps even as many as 50 different state sets of regulations. There are elements that need regulation at the Federal level."

July 18, 1978

**Edward Hayes,  
National Conference of Black Lawyers**

". . . I respectfully suggest that in its effort to correct the past difficulty, the new Act goes too far. Total Federal deregulation such as that contemplated in HR 13015 can only cause chaos in the cable industry and not further the public's need for the services which could be provided."

July 20, 1978

**Rep. John Murphy, D-New York**

"There are those of us who favor the development of cable, because it can provide the public with a multiplicity of channels for a wide variety of programs and services . . . but if national interconnection is to become a reality, a Federal administrative agency must set the technical standards for compatibility among systems to insure that cable programming can flow through the nation."

July 27, 1978

**Jack Corman, National Rural Center**

"I have some questions, but no answers, about whether Federal deregulation, particularly of cable television, may not result, perversely, in more regulation and less diversity. It is possible that the regulatory vacuum will be filled by a bevy of State and local rules analogous to the situation produced when Title XX of the Social Security Act simplified social services delivery."

July 20, 1978

**Dean Burch, Former FCC Chairman**

"I am not suggesting . . . that the Commission should have detailed regulatory power over cable, but I do think there should be a point at which the Commission, through the Congress, should give the Commission authority to pre-empt certain of these areas from the State and local government, if State and local government interferes with the national scheme."

July 19, 1978

## ISSUE:

# Telephone/Cable Television Cross-Ownership

## Background

Section 332 of HR 13015 permits any telephone common carrier to create a separate subsidiary to operate any service which the CRC determines to be "telecommunications" including cable television. Thus, all current provisions of law designed to insure fair competition by the telephone company are repealed, including the Federal Communications Commission's ban on cable/telephone cross-ownership, and the Justice Department's 1956 Consent Decree, in which AT&T agreed not to engage in non-common carrier communications services such as cable television.

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## NCTA Position

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Empirical evidence was presented at the hearings on HR 13015 demonstrating that entry of the telephone company into the cable business means the end of competition and the inequitable and inefficient expansion of a new monopoly service. The FCC in 1970 banned telephone companies from providing cable television services in areas where they maintained telephone operations because of a documented record of telephone company anticompetitive conduct.

Additionally, it has been demonstrated in a number of administrative and legislative proceedings that marketplace forces cannot function where one industry (telephone) has a total monopoly over the gateway (poles) to which another industry (cable television) must gain entry in order to do business. HR 13015 repeals the 1978 pole attachment law which provides a Federal or State forum for resolution of pole attachment disputes as a means of preserving competition in telecommunications services.

The result of letting the telephone companies into the cable television business would be simple: telephone companies would be able to cross-subsidize from their monopoly services into cable television, making it impossible for independent cable companies to compete and survive, thus resulting in an expansion of the telephone monopoly.

The cable television industry is not seeking protection from any technology. If telephone carriers can provide a "one-wire" communications capability with fiber optics, coaxial cable or any other facility that is more technically efficient for *delivering* video services than cable television, there is nothing in current law to prevent them from doing so, nor does the cable industry seek limitations on their right to do so. It is essential, however, that the telephone monopoly not be expanded into the competitive area of *programming* video services.

It is one thing to allow the telephone monopoly to build the communications facility with the capability of serving the Nation's telecommunications needs of the future, it is yet another to allow this every-expanding monopoly to control the programming over this facility.

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## What Others Have Said

**John Shenefield, Assistant Attorney General for Antitrust,  
U.S. Department of Justice**

"In the absence of some Federal regulation, and in the absence of the now existing Consent Decree . . . one can't simply allow the telephone company to move into new areas without at least satisfying an assumption that the telephone company wouldn't automatically take over, in effect, all of the cable television business."

"It does seem to me that you cannot blindly assume that the rules that apply across industries of an average sort in this country will inevitably work out when you are dealing with a corporation the size of AT&T against the kind of regulatory background that we have seen over the past year."

July 19, 1978

"The FCC, after reviewing the evidence, concluded that telephone companies should be limited in their franchise areas to providing only the hardware for lease to CATV operators. The Antitrust Division strongly supported that rule, and I haven't seen any evidence that this limitation on telephone company involvement in CATV no longer makes sense."

August 3, 1978

**Rep. John Murphy, D-New York**

"Precisely how far should we permit AT&T to invade other and competitive fields? It is a doubly important question before us, because this bill would authorize AT&T, through a separate entity, to engage in telecommunications activities and in activities 'incidental to telecommunications.' This is a very stretchable authority. Cable would clearly be open to AT&T, as would the present shadowy area dividing communications and data processing, but how far should AT&T be unleashed? It seems to me the bill as written is vague."

July 27, 1978

**Howard Gan,  
Cable Television Information Center,  
The Urban Institute**

"If you are letting the telephone company into this business, you have to seriously consider the limitations on what the phone company can do and what it can serve, because the cable industry may talk from its own vested interest point of view in terms of an 'elephant dancing with a flea,' but the fact is, the phone company is a giant."

"If you don't provide some limitation, some restrictions or some oversight to where they can serve, you may very well have a one-wired Nation, which in some respects could conceivably be good, but I think the Orwellian implications of this should be considered by the Subcommittee."

July 20, 1978

**Sister Angela Ann Zukowski,  
Communications Office of the Archdiocese of Cincinnati**

"We believe there is a serious need to clearly define the rights of the suppliers of programming (cable TV) and the suppliers of transmission facilities . . . We recognize that AT&T and others are already super-power industries. Such super powers should not be permitted to monopolize potentially competitive communication facilities by serving as suppliers of both programming and transmission facilities. We would therefore suggest that regulation be established to protect the rights of the growing local cable industry in this regard."

September 15, 1978

## ISSUE:

# Separate Subsidiaries/ Cross Subsidization

## Background

As previously discussed, Section 332 of HR 13015 allows any common carrier to provide, thru a separate subsidiary, any service which the Communications Regulatory Commission determines to be telecommunications, or "incidental to telecommunications." This provision opens the door to the telephone company using the monopoly profits from its switched voice service to subsidize new entries into competitive services until all competition is eliminated.

## NCTA Position

The cable television industry has dealt with the telephone company's "separate subsidiaries" for 20 years, and knows that the creation of a separate subsidiary does not prevent unfair practices. The inherent power of the parent monopoly is passed on to the subsidiary, making fair competition impossible.

The Justice Department brought suit against AT&T because it was using its monopoly position in voice communications as the basis for squelching competition in other non-common carrier services. The 1956 Consent Decree, which forbids AT&T from offering non-common carrier services, was the result of that suit. Even today, the Justice Department's Antitrust Division has a suit against AT&T for alleged anti-competitive practices, and there are numerous civil suits currently pending. There is no reason to believe that the telephone monopoly will not return to its abusive anti-competitive practices if safeguards such as the Consent Decree are eliminated.

Additionally, the threat of this giant corporation using revenues obtained from monopoly services to cross-subsidize other, competitive telecommunications services is real. The telephone company argues that a uniform system of accounts will protect against cross-subsidization. However, it has been demonstrated that this is a meaningless safeguard for the marketplace.

The cable television industry is not alone in realizing the dangers of allowing the telephone company into all other areas of telecommunications services. Review the following remarks by other industry and public policy representatives.

## What Others Have Said

**John Shenefield, Asst. Attorney General, Antitrust Div.,  
U.S. Department of Justice**

"Essentially, we allege that AT&T currently controls too many strategic "bottlenecks," and has used them tactically in combination to eliminate competition unlawfully. Thus, for example, AT&T has maintained its equipment monopoly by denying firms other than Western Electric a fair chance to sell to the 80 percent of the potential market AT&T and its operating companies control. Similarly, AT&T has successfully blocked competition in long-distance markets, by denying competitors access to the 80 percent of local exchange facilities Bell controls. And it has sought to block potentially competitive local distribution systems including cable television and mobile radio by denying them access to necessary local facilities or the national intercity network AT&T controls."

August 3, 1978

**Walter Hinchman,  
Former Chief, FCC Common Carrier Bureau**

"I am virtually convinced, from my various involvements over the decade, that the (Bell) system is largely beyond the effective reach of both Federal and State regulation and may therefore be impervious to most attempts at competition as well, over the long haul."

May 15, 1978

**Charles Ferris,  
Chairman, Federal Communications Commission**

"These near-monopolies and the opportunities afforded to AT&T for anti-competitive conduct have created a variety of new problems which the Commission has addressed using the tools available under the 1934 Act. These problems will continue to have to be addressed since the bill, even with its emphasis on competition, is not likely to have any immediate impact on AT&T's existing market power."

August 9, 1978



**Joseph Fogarty, FCC Commissioner**

"When an industry is dominated by one firm which owns the vast bulk of all facilities used for telecommunications transmission, the marketplace forces may not operate as economic theory teaches us they should. AT&T's own tariff data filed at the FCC admit this. If AT&T and another carrier offer similar services at similar rates, AT&T will get 100% of the business, according to its own figures. Only when the differential in rates exceeds 10% will the competitor begin to attain a substantial market."

"Without retention of extensive regulatory control over rates and practices, it is inconceivable that companies of such disparate size can compete on an equal footing. The possibilities for cross-subsidization are simply too great."

". . . the Bell System is a very efficient, well-run organization which provides excellent telephone service to this country. However, competition has always been antithetical to AT&T's philosophy."

August 9, 1978

**Daniel Grove, Telecommunications Association**

"Another issue of importance to users is cross-subsidization, an issue which, we believe, the Congress should confront more squarely. So long as a carrier is providing both competitive and noncompetitive services, the possibility is real for a carrier to subsidize losses on competitive services with income earned from services against which no competition exists. Even the threat of such cross-subsidy undercuts the growth of competitive marketplace."

August 10, 1978

**L. C. Whitney, National Data Corporation**

"It appears likely that the end result will be that Section 332 will unshackle a giant in the belief that competition is the panacea. This will be the result in spite of antitrust laws or in spite of the 1956 Consent Decree, in spite of the history of practices at least questioned enough for the Justice Department to again be involved in a major antitrust action against AT&T, in spite of the FCC's years of frustrating effort to have legal tariffs filed, in spite of the statements made by the Chief of the Common Carrier Bureau to the effect that they had lost effective regulatory control of AT&T. I see this section opening the floodgates for AT&T to enter the areas of data processing, computer product lines, and other such areas previously prohib-

ited, entering not as a true competitor, but unregulated monopoly."

August 10, 1978

**V. Orville Wright, Ad Hoc Committee  
for Competitive Telecommunications (ACCT)**

"Studies have documented that AT&T, for instance, has not only the opportunity to cross-subsidize its competitive offerings with revenue derived from monopoly service customers, but indeed, that it has strong incentives to do so."

August 10, 1978

**Fred S. Lafer, Association of  
Data Processing Service Organizations**

"ADAPSO's concerns with this provision (Section 332) are many. To begin with, this section appears to grant carriers blank immunity from the antitrust laws. If enacted, Section 332 would surely have an adverse impact on competition. Rather than compete, carriers could simply acquire their competitors . . . Conspicuously absent from this section are any provisions which would assure that the competition offered by carriers and their affiliates is not supported by monopoly power and resources or by control over essential communications services."

August 1, 1978

**Vico Henriques, President,  
Computer & Business Equipment  
Manufacturers Association**

"The consensus is that accounting is not sufficient in and of itself. The accounting system that is in place has not provided, from its inception, adequate safeguards or even measures the possibility of cross-subsidy."

August 1, 1978

## Prohibiting Cable Operators from Programming Their Systems

### Background

Although HR 13015 is silent on the issue of divorcing the owner of the cable facility from the programming aspects (known as "separations"), there are those who propose such a measure if cable television is to be considered as a national medium and included in a redraft of HR 13015.

### NCTA Position

A policy separating cable hardware from software should not be implemented during the developmental stages of cable television. The keys to the development of cable television are the wiring of additional communities and the provision of new and diversified services. Outside program suppliers have been unwilling or unable to provide this program diversity for cable television. Thus, cable operators have been forced to enter into the programming business themselves. Artificial restraints placed on the cable industry's ability to finance and implement such efforts would only serve to hinder such services being provided to the public.

It may be suggested that the cable industry's position in favor of keeping the telephone company out of communications software is inconsistent with the position that the cable industry should offer both hardware and software. As explained previously, if the cable industry does not involve itself in programming, then there is no new programming. In addition, there is no reason to believe that the regulatory policy applicable to the giant telephone company should be imposed on the comparatively small cable television industry. There is a proven record of telephone company anticompetitive abuses, there is no similar record on the part of the cable industry.

One alternative, some suggest, is to implement separations "within ten years or so." Such a policy mandated without a demonstrated need is yet another example of regulation for the far distant future, with-

out any basis in present day needs, problems or facts—it would be "regulation on theory."

Congress should be extremely wary of restricting the normal flexibility of the marketplace at a time when cable technology is changing so rapidly.

### What Others Have Said

**John Shenefield, Assist. Attorney General,  
Antitrust Division, U.S. Department of Justice**

"I suppose one might begin to think about the issue (of cable concentration and separations), at least in the present framework as one in which you have control over one possible set of communications options, but the viewer has a range of possibilities that he has access to . . . given present status of cable television, I wouldn't feel strongly about it one way or the other."

August 3, 1978

**Henry Geller, Asst. Secretary,  
U.S. Dept. of Commerce,  
National Telecommunications & Information Agency**

"At one point in the Staff Report we propose it (separations) 7 years after enactment of that particular proposed legislation. I think all such figures are arbitrary and that you really have to allow discretion to the CRC or the FCC to decide when. It may be that there is never any necessity for it . . . it would be a judgment that would have to be made on the facts."

August 1, 1978

**National Cable Television Association**

918 Sixteenth Street, N.W.  
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# VISIONS 79

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**MANAGEMENT**

As cable television takes its place as an independent national communications medium, systems managers are becoming the visionaries of a new world of entertainment and services. But vision—sound decisions on moves that will make cable television an ever more successful medium providing unique services to nearly 10,000 American communities—requires new levels of expertise and up-to-date information. That's precisely what VISIONS '79 was designed to give you in three critical areas:

**Operations**

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- Earth stations as a resource
- Financing
- Taking advantage of new services
- So you've got a pole problem!
- Developing new markets
- Increasing profitability of your system
- Layman's update on fiber optics
- Many, many more



**Government**

- Is there a phone company in your future?
- Cable: Programmer or common carrier
- Where to regulate cable TV (if at all?)
- Signal carriage & copyright
- Federal regulation of cable?
- Cable in rural America

**Programming Services**

- New non-entertainment services
- Tiered programming
- Children's programming
- What's going on with other communications companies?
- Educational applications that work
- Effective utilization of C-SPAN
- The satellite of the future

**TECHNICAL PROGRAM**

New technological developments are changing the face of cable television more and more rapidly. From satellites to fiber optics, technology is setting the pace for programming and services to follow. To help you stay a step ahead, VISIONS '79 will offer you an in-depth look at what's coming in:

**Satellites**

**Education & Training**

- When all else fails, do it yourself
- Development of a CATV technical operations manual
- Education—the means to an end

**Advance Techniques**

- Wideband transmission services via a combination of CATV & microwave facilities
- A versatile, low-cost system for implementing CATV auxiliary services
- A bi-directional coaxial cable inter-city transmission network for multipurpose uses



**Small System Problems**

- Calculation and balance techniques for a smaller, dedicated line
- Preventive maintenance of small systems
- Program management in CATV implementation

**Testing & Maintenance**

- Reliability—a total approach
- Microprocessor control for CATV test instruments
- Spectrum analyzer as a computerized "proof of performance" machine
- Analysis and measurement of CATV drop cable RF leakage

**Fiber Optics**

- Installation and field operation of an 8km fiber optic CATV supertrunk system

**Computers**

- Potential use of microprocessors by technical personnel
- System design and operation with "basic"



**VISIONARIES  
OF '79**



**GERALD R. FORD**

*Marking cable television's emergence as a truly national communications medium, a President of the United States will address NCTA's national convention for the first time. Gerald R. Ford will be our keynote speaker at VISIONS '79, highlighting our opening session on Sunday, May 20.*

*Throughout our meetings, we will be joined in Las Vegas by the most influential communications policymakers in Washington, among them:*



**SENATOR  
ERNEST F. HOLLINGS**

*Senator Hollings, chairman of the Senate's Communications Subcommittee and one of the most respected members of that exclusive "Club of 100", will play a major role this year in the rewrite of the Communications Act. His committee is currently preparing a series of "Omnibus Amendments" to the Act which will have a major impact in this Congress.*



**CONGRESSMAN  
LIONEL VAN DEERLIN**

*House Communications Subcommittee Chairman Lionel Van Deerlin has already made communications history. Last year, he proposed the first major rewrite of the nation's basic communications law in forty years. After months of hearings and discussion, Chairman Van Deerlin and his staff are now ready to introduce a new version which will serve as a basis for Congressional action later this year.*

**CHAIRMAN  
CHARLES FERRIS**

*of the Federal Communications Commission has led the way toward a thorough reassessment of cable television regulation. Under his leadership, the FCC's Economic Inquiry into the Relationship Between Broadcasting and Cable Television has raised the prospects for a federal policy which will allow cable to compete freely in the national communications marketplace.*



## SPOUSE PROGRAM

Special events are scheduled in Las Vegas especially for spouses, to include:

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- A ranch tour and mini horse show at the famous Wayne Newton Arabian Horse Ranch in Logandale, Nevada. The Arabian breed will be explained and some of the show horses will be used to demonstrate various riding and showing styles. Luncheon is included.

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- You will travel through the Valley of Fire—a mass of desert wildflowers and cactus blooms in May—a vivid land of bold cliffs of red and white sandstone set in the midst of the grandeur that is the desert.

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- A special Spouse Hospitality Center will be set aside in the Las Vegas Hilton where a presentation is scheduled by Shirley Zylstra, who will talk to you about starting your own business and how she did it.

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- Customized NCTA tours to include Hoover Dam, Old Vegas, Boulder City tour, a Lake Mead boat cruise are available to all registrants.

## GOLF AND TENNIS TOURNAMENTS

- Sign up and compete with the masters! They'll be out in full swing on Saturday, May 19 at the Cambridge Towers and Racquet Club and the Sahara Nevada County Club. Tennis is limited to the first 75 entries and golf is limited to the first 100 entries.

## POST-CONVENTION TRIP

### ALOHA!

- Relax and enjoy our 50th state and visit the islands of Oahu, Hawaii, and Maui. We've designed two separate trips for you to choose from. One includes visiting downtown Honolulu, National Memorial Cemetery in Punchbowl Crater, plus a visit to Hawaii Volcanoes National Park, Thurston Lava Tubes, Kilauea Volcano, Halemaumau Fire Pit, and more. The Hyatt Regency on famous Waikiki Beach and the Kona Surf hotels will accommodate you. The second tour (10 days) includes all of the above and a visit to the island of Maui with a stay at the Hotel Intercontinental. Sign up now so you can unwind at this exciting resort.



28TH ANNUAL  
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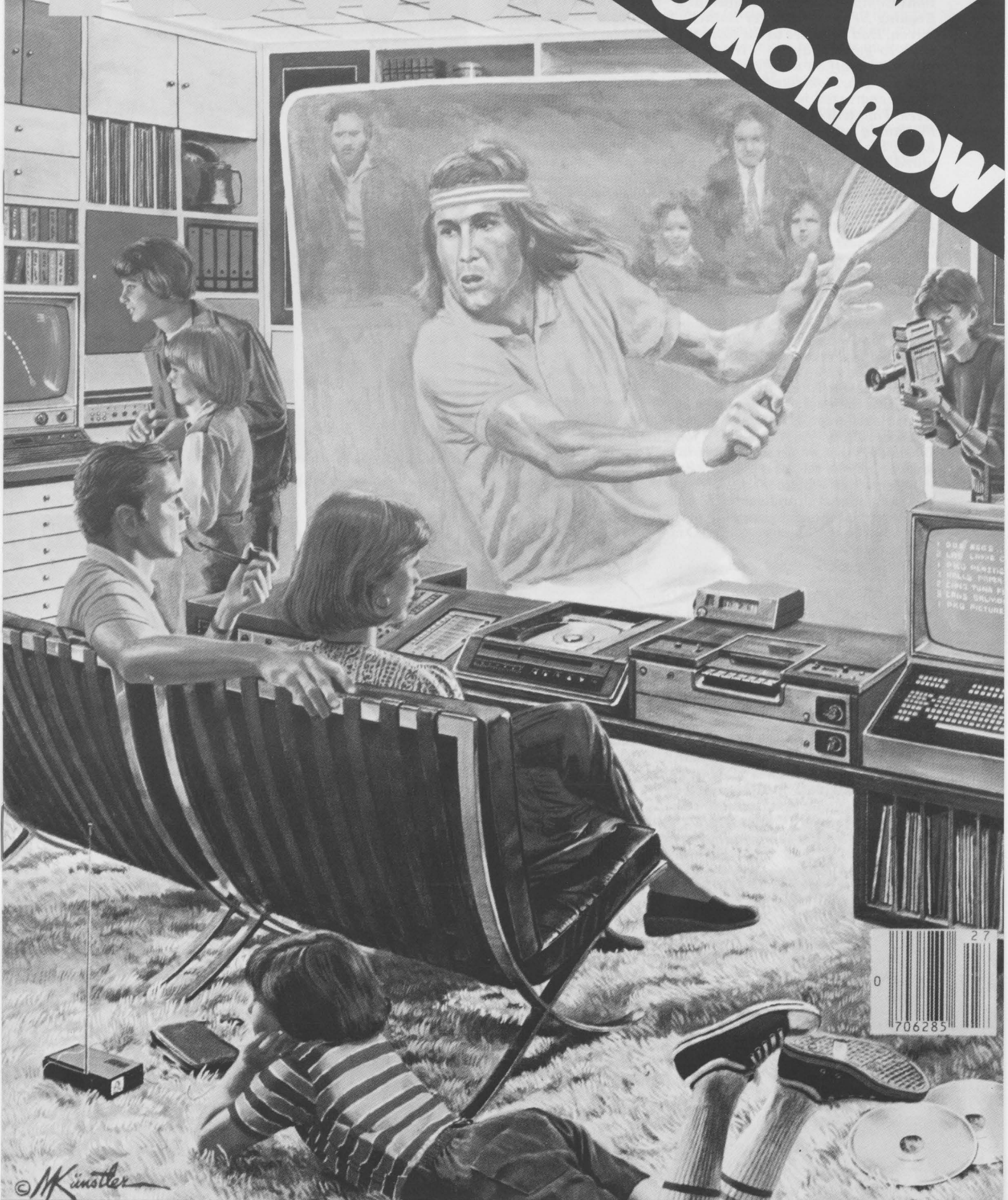
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July 3, 1978 / \$1.00

# Newsweek

# OF TOMORROW TV



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## TELEVISION

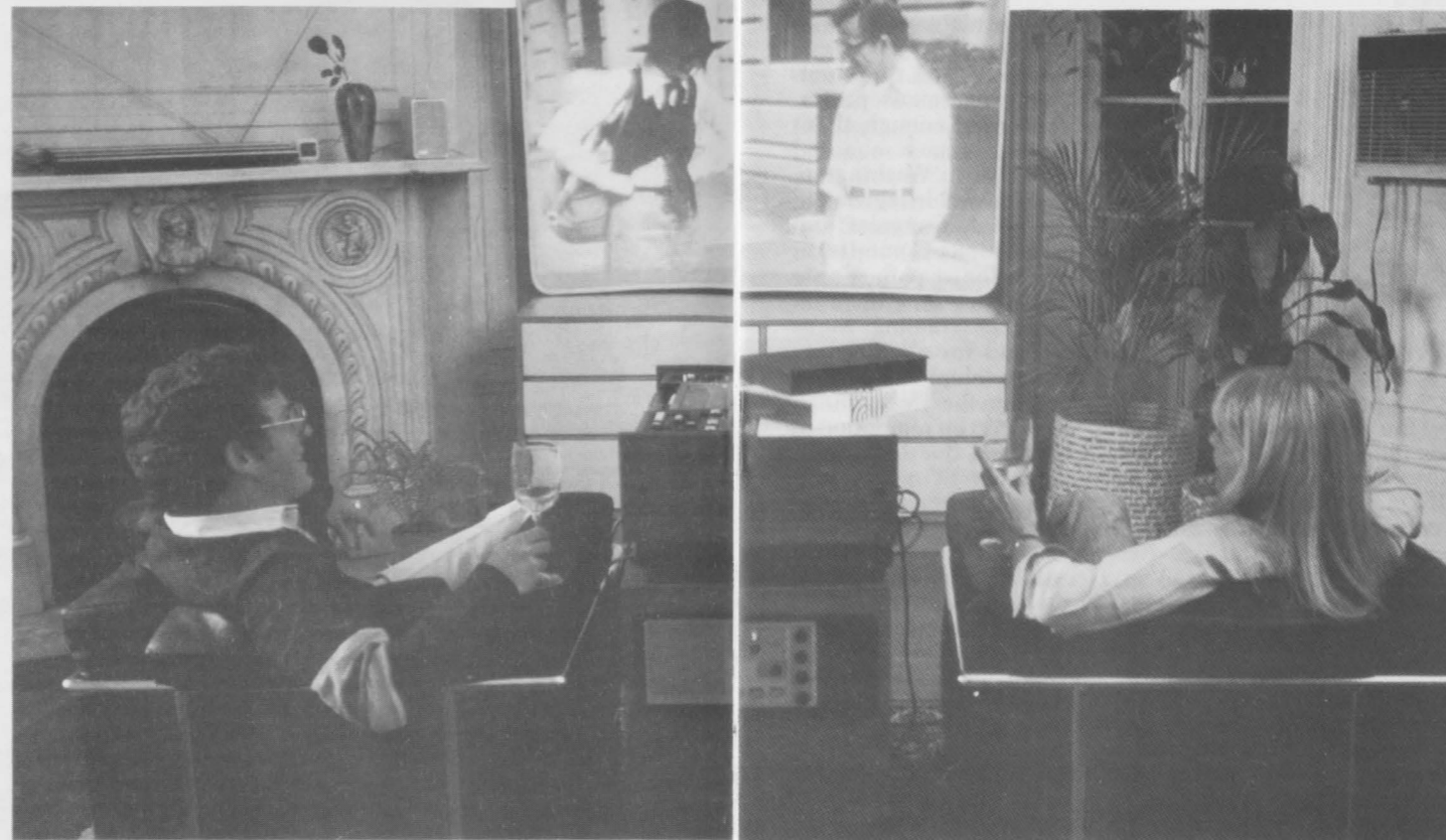
The year is 1985, the setting a typical Video Communications Complex (formerly known as a "home"). As the "CBS Evening News with Roger Rather" fades from the 84-inch screen, Dad switches to the local pay-cable channel and sits back to enjoy "Jaws 4." No one disputes his choice, for everyone is off on a different electronic trip.

In the den, Mom has flicked on the video-cassette recorder and is engrossed in the soap-opera episode she missed last week. That will be followed by a homemade-for-TV movie of the family's recent trip to Disney Cosmos. Upstairs, meanwhile, Sis has slipped a plastic disk onto a turntable device wired to her own TV set. Now she is grooving along with a transvestite reggae group, this month's R-rated selection of the Vidiary Guild. Down the hall, Junior has tired of playing Super Pong and has dialed in a baseball game. Suddenly, the announcer interrupts to ask the audience: "What do you think the next pitch should be?" By punching some buttons on a small console, Junior informs the system's computer that he would opt for a slider—and, sure enough, it is a slider that ends the inning.

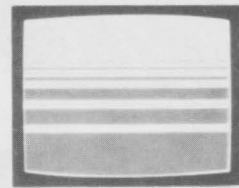
Exactly as it did in 1978, the entire family has settled down for a long night's looking. Yet no one here is a prisoner of what ABC, CBS and NBC have chosen to send through the cathode-ray tube. This is the age of Viewer Lib, a time when each American has at his fingertips the engineering capacity to become, in effect, his own television programmer. No longer is the operative question a desultory "Anything on TV tonight?" The question has become: "What would we like to put on TV tonight?" and the answer may be one of a hundred and one possibilities.

At least, that's the scenario currently being pounded out by the promotional drumbeaters. Skeptics, recalling that the same sort of hyperbole heralded the Picturephone and 3-D movies, question whether such a video upheaval will take hold as soon—and in so pervasive a fashion—as the soothsayers would have us believe. While most of the esoteric hardware has been devised, they note, the entrepreneurs still face a host of problems involving costs, marketing tactics and what programs to mesh with the new machinery. Nevertheless, virtually all the experts agree on one point: as the TV industry moves into its second generation, it is about to be engulfed by a broad tide of technological change. Even so knowledgeable an observer as Rep. Lionel Van Deerlin, chairman of the House subcommittee on communications, predicts that the new video options "will transform not only the face of broadcasting but the lives of Americans as profoundly as the Industrial Revolution of the nineteenth century."

To some extent, that transformation is already under way. Nearly one in five TV homes now receives the non-network offerings of a cable subscription service, as against one in 25



Sizing up the superscreen: As TV enters its second generation, portents of a technological revolution



# TV OF TOMORROW

households about a decade ago. Of today's cable subscribers, 1.6 million viewers are shelling out extra monthly fees for special pay-cable channels, which offer primarily first-run Hollywood movies but possess the potential for unlimited offbeat fare—all free of commercials. The farthest-out pay-cable experiment is being conducted in Columbus, Ohio (page 64). Called Qube, the system permits viewers to talk back to their sets by electronically responding to questions about entertainment personalities and even politicians. Some envision Qube-like polling devices being used for national referendums on all manner of controversial issues. A more limited two-way TV experiment is also under way in Berks

County, Pa., where students can talk back to teachers and senior citizens in retirement homes can hold dialogues with local politicians.

While two-way TV is still far around the corner, do-it-yourself TV has clearly arrived. The nation's hottest new toy is the video-cassette recorder, which allows owners to preserve on tape programs presented when they are away from the TV set. They can also, with the aid of an optional camera, produce their own programs. And the VCR family can purchase prerecorded cassettes and cue up everything from a yoga lesson to a screening of "Patton."

Later this year, prerecorded cassettes will start encounter-

ing competition from the video disk (page 73), a sort of long-playing record that produces TV images as well as sound. As many as twenty companies are currently at work on video-disk systems, with MCA, Inc., the farthest along. The conglomerate, which plans to introduce its much-ballyhooed and long-delayed Disco-Vision by Christmas, is setting its sights on viewers with gourmet-programming palates. "We are going to isolate pockets of fanatics and build a business on them," vows MCA vice president Norman Glenn. "There are 500,000 people who would kill to get opera."

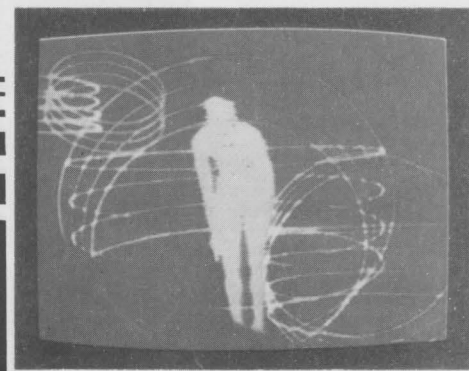
For the true videophile, however, pay-cable, video recorders and disks offer only part of the fun. Video-game addicts, once restricted to the quickly palling pleasures of electronic tick-tack-toe, can now wage combat at blackjack, pinball and even war itself. Those with grander appetites—and budgets—will no doubt own a giant-screen "projection system." Five major companies now are marketing the 45- to 84-inch screens, sales of which are expected to reach the 500,000-a-year mark by 1983.

Just coming over the horizon are all manner of video wonders. One is a small, dish-shaped home antenna that can pick up signals from a communications satellite, enabling viewers to receive programs broadcast directly into the living room from every corner of the globe. Another is a method for watching two different shows on the same set at the same time. The system, which is already available in Europe, patches a small, black-and-white picture from another channel onto a corner of the big-screen color picture. As a result, the audience could keep tabs on, say, the Moscow Olympics without missing a moment of "Jiggly Follies."

But the most portentous technological advance is a glass filament only slightly thicker than a strand of human hair. Called an optical fiber, the device uses a laser beam to transmit an almost limitless number of information channels.

Now being developed by Bell Laboratories, the optical fiber is designed to be folded into a telephone line. The upshot is that a single line could conceivably provide all of a family's phone messages, a multitude of TV shows and, if linked to a central computer bank, a vast range of domestic services.

In effect, such a setup would function as a sort of omniscient electronic genie. At the flick of a subscriber's console button, the computers could deliver on-screen print-outs of whatever data they had been programmed to store. Viewers might request traffic and weather conditions, or receive tutoring in how to bid in bridge, roast a pig or cope with the new math. Housewives could examine supermarket bargains



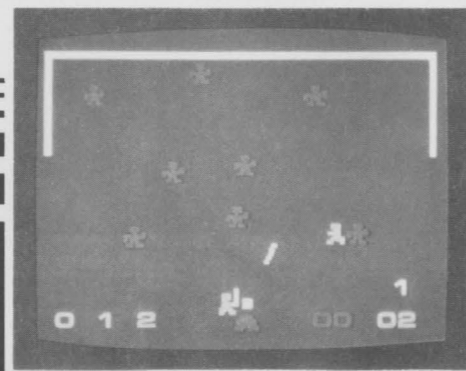
Doris Chase—ICAP

Avant-garde video art



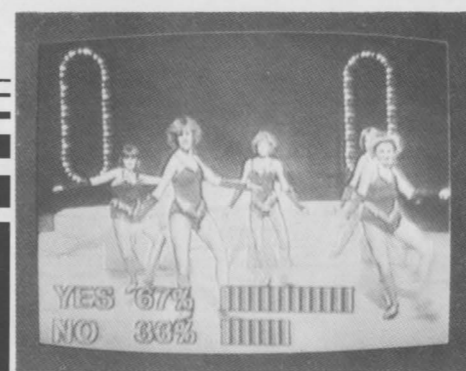
HBO

A Welch cable special



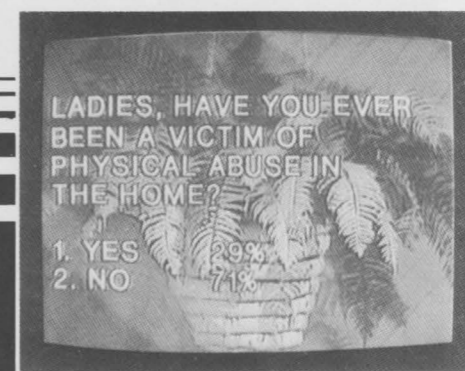
Magnavox

Video baseball game



Warner Cable—Qube

Qube's 'Gong' show



Warner Cable—Qube

Two-way television



Entertainment Video Releasing, Inc.

Soft-core cassette

meta



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**National  
Cable Television  
Association**

Office of  
The President

*March 1979*

**CABLE TELEVISION IN 1979**

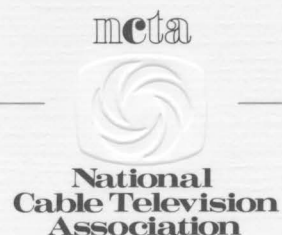
*An Industry Profile*

*Prepared for*

President Gerald R. Ford

*by the staff of the  
National Cable Television Association*





Office of  
The President

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ncta



**National  
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The National Cable Television Association  
and  
the Cable Television Industry

The National Cable Television Association is the industry's largest trade association, representing more than 1500 member cable systems serving millions of subscribers across the country. Formally chartered in 1952, NCTA also counts 183 associate member firms in its ranks, including manufacturers of cable equipment, national programming suppliers and allied industry services.

One fifth of the nation's households are now cable television subscribers. Those viewers are receiving a rapidly expanding variety of new programming and services made possible by cable's increased channel capacity. New urban cable systems offer up to 36 channels of programming and services, expanding consumer viewing options far beyond the limits of conventional television.

Cable television service not only improves reception of broadcast signals, but makes television a useful community medium. In many instances, community channels are programmed by local government, social service organizations or educational institutions, offering everything from retirement advice to college courses for credit.

Cable TV also serves large national audiences through its rapidly growing satellite network. National programming is produced for specialized audiences dispersed around the country -- from minority groups to cultural audiences. It is delivered via domestic communications satellite and a network of cable/satellite earth stations. The network and the programming it can support are the fastest growing side of the industry: by the end of the year, more than 1500 cable/satellite earth stations will be serving seven million subscribers nationwide, a 300 percent increase over 1977.



Cable television's 30th anniversary year, 1978-79, comes at a crossroads for the industry. For the first time in the history of the medium, Congress is rewriting the nation's basic communications law to bring government policy into line with dramatic technological advances. The rewrite process is a major focus of NCTA's activities this year, as the association and the cable television industry work to assure that consumers will be offered the widest variety of innovative programming and services that technology and creativity make possible.

ncta



**National  
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## KEY OFFICERS

### OF THE NATIONAL CABLE TELEVISION ASSOCIATION

#### Chairman

ROBERT HUGHES is chairman of Communications Properties, Inc., a multi-system operating company located in Austin, Texas.

Before joining CPI, Hughes was treasurer and a director of Telesystems Corporation, and vice president of Texas Capital Corporation.

Hughes is involved in the financial community and serves on the board of directors of Union National Bank, Austin, and Del Rio Bank and Trust, Del Rio.

He was elected to the NCTA board in 1975. His contributions to NCTA have spanned the entire field of association activities, from redesigning NCTA's dues structure to testifying before Congress on the rewrite of the nation's basic communications law.

Hughes is a graduate of the University of Oklahoma and holds an MBA from the Harvard Business School.

#### Vice Chairman and Chairman-elect

DOUGLAS DITTRICK, president of Douglas Communications, Inc., Mahwah, New Jersey, is a cable industry pioneer. From 1973 to 1978, he served as president of Viacom Communications, a major division of the New York-based Viacom International. Dittrick is serving his second term on NCTA's Board of Directors and is a member of the Association's Executive Committee.

Since 1967, Dittrick has chaired or served on a broad range of NCTA committees, including the Government Relations/CABLEPAC Committee which he chairs for a second term.

Dittrick served as Vice President/Operations of American Television and Communications Corporation before joining Viacom in 1973, and is a graduate of Ohio Wesleyan University.





He was elected NCTA Chairman in February, 1979, and will take office at VISIONS '79, NCTA's Las Vegas convention.

President

ROBERT L. SCHMIDT became NCTA president in August of 1975.

He was director of public affairs in the Washington office of International Telephone and Telegraph from 1964-74. Before joining NCTA, he maintained a private law practice, doing government relations work for corporate clients and representing national sports figures.

Schmidt is a graduate of the University of Southern California, where he received a degree in business administration. He holds an MA in international business from American University and a law degree from Georgetown Law Center.





## **CABLE: THE WAY TO TURN**

Cable television systems of today have moved far ahead of the community antenna service of thirty years ago. In addition to providing a broader range of local service, cable television has developed a national cable satellite system, the most efficient way to bring more information and entertainment to mass numbers of people.





**National  
Cable Television  
Association**

## 1978 Cable Television Developments

### Size of Industry

Number of Cable TV Systems	approximately 4,000*
Number of Communities Served	approximately 9,400*
Subscribers (Home Served)	14 million
Penetration:	
Homes served as percent of homes passed by cable	55%
Homes served as percent of U.S. TV households	19%
Homes passed by cable	approximately 25.5 million
Employment	31,000
Miles of Plant in Place	268,000

\*1978 TV Factbook

### Financial Information

Total assets*	\$2.5 billion
Industry revenues for 1976*	\$999.8 million
Total operating expenses	\$615.9 million
Pre-tax net income	\$57.7 million
Construction costs:	
Average cost of aerial plant is	\$6,000 per mile
Average cost of underground plant is	\$10,000 per mile
Cost of underground plant in dense urban areas runs as high as	\$80,000 per mile

\*FCC Cable Financial Date for the Period January-December 1976

### Subscriber Fees

Typical one-time installation fee	\$15.00
National average monthly fee	\$7.00
Range of monthly fees in typical larger market systems built since 1972	\$8.00-\$10.00

### Channel Capacity\*

Over 20	501
13-20	465
6-12	2,759
5 only	157
Sub-5	19
Not available	10
<b>TOTAL</b>	<b>3,911</b>

### National Cable/Satellite Network

FCC licenses granted or pending for earth stations*	714
Subscribers served by systems with granted or pending licenses*	5.1 million
Earth stations now receiving programming for cable	341
Systems served by satellite	426
Microwave links from existing earth stations*	112
Subscribers served by satellite	3.1 million
Homes passed by systems served by satellite*	6.2 million
Miles of plant in systems served by satellite*	70,200

### Services Transmitted by Satellite

Christian Broadcasting Network (WYAH/27), Virginia Beach, Va.  
 Fanfare, Houston, Texas  
 Home Box Office, (Time, Inc.), New York, NY  
 Home Theater Network, Portland, ME  
 Madison Square Garden (UA-Columbia), New York, NY  
 PTL (People That Love) Network, Charlotte, NC  
 Showtime, (Viacom International), New York, NY  
 Spanish International Network (WLTU/23), Miami, FL  
 Trinity Broadcasting Network, Los Angeles, CA  
 UPI Newstime (United Press International), Tulsa, OK  
 WTCG, Channel 17, Atlanta, GA

### Services Soon to be Transmitted by Satellite

Cable-Satellite Public Affairs Network, Washington, DC  
 Calliope (UA-Columbia), New York, NY  
 KTVU, Channel 2, Oakland, CA  
 WGN, Channel 9, Chicago, IL

\*Applachian Educational Satellite Program as of August 1, 1978



## State Statistics

State	No. of Systems	No. of Communities	Subscribers
Alabama	88	129	224,735
Alaska	13	19	13,480
Arizona	43	75	74,133
Arkansas	100	133	148,647
California	290	786	1,681,030
Colorado	42	91	93,269
Connecticut	16	54	154,108
Delaware	9	31	71,350
Florida	122	353	528,432
Georgia	86	167	298,707
Hawaii	10	64	77,228
Idaho	49	83	62,517
Illinois	96	216	379,486
Indiana	84	138	252,442
Iowa	50	62	98,711
Kansas	122	144	185,180
Kentucky	123	284	187,699
Louisiana	44	82	156,651
Maine	34	68	86,004
Maryland	30	85	101,613
Massachusetts	34	74	189,698
Michigan	91	282	325,024
Minnesota	95	140	144,274
Mississippi	69	110	182,099
Missouri	87	121	155,412
Montana	35	57	90,222
Nebraska	48	55	81,794
Nevada	10	30	32,306
New Hampshire	38	75	85,381
New Jersey	36	189	303,240
New Mexico	33	69	100,189
New York	183	729	987,756
North Carolina	59	114	210,199
North Dakota	31	36	97,825
Ohio	177	468	644,217
Oklahoma	99	111	192,385
Oregon	101	205	192,459
Pennsylvania	328	1,550	1,210,250
Rhode Island	1	1	3,062
South Carolina	40	77	106,380
South Dakota	18	25	46,731
Tennessee	78	117	145,403
Texas	255	369	740,267
Utah	6	13	15,549
Vermont	39	100	71,502
Virginia	77	166	176,546
Washington	102	242	302,495
West Virginia	181	506	294,306
Wisconsin	78	146	166,119
Wyoming	27	48	74,340
Guam	1	1	12,800
Marianas	1	1	1,100
Puerto Rico	1	5	13,125
Virgin Islands	1	1	1,200

## 35 Largest U.S. CATV Systems\*

System	Subscribers
San Diego, CA (Mission Cable TV, Inc.)	129,750
New York, NY (Manhattan Cable TV)	90,000
Los Angeles, CA (Theta Cable of California)	80,743
Oyster Bay, NY	70,000
Suffolk County, NY	65,700
Austin, TX	65,087
San Jose, CA	63,000
Allentown, PA	59,350
Northampton, PA (Twin County Trans-Video, Inc.)	57,000
Toledo, OH	50,000
New York, NY (Teleprompter)	47,478
San Francisco, CA	46,428
Wilmington, DE	46,000
Santa Barbara, CA	42,042
San Rafael, CA	41,200
Erie County, NY	41,000
Harrisburg, PA	40,448
Reading, PA (Berks TV Cable Co.)	35,600
Eugene, OR	33,621
Bakersfield, CA (Warner Cable)	31,673
Sarasota, FL (Storer Cable TV)	31,325
Scranton, PA	30,291
Altoona, PA	30,091
Concord, CA	29,428
Utica, NY	29,400
Wildwood, NJ	29,332
Seattle, WA (Teleprompter)	28,981
Canton, OH	28,800
Gainesville, FL	28,470
Harlingen, TX	28,000
Santa Cruz, CA	27,359
Honolulu, HI (Oceanic Cablevision)	27,300
Columbus, OH (Warner Cable)	27,267
Lincoln, NB	27,258
Flint, MI	26,658

## Ownership of CATV Systems\*

Systems with any degree of cross-ownership are counted. Systems with ownership in more than one category are counted in each.

Of the 3,911 systems operating as of September 1, 1977, ownership categories are as follows:

Category	Systems	%
Broadcaster	1,179	30.1
Newspaper	474	12.1
Book or Magazine Publisher	501	12.8
Program Producer or Distributor	772	19.7
Theater	301	7.7
Telephone	73	1.9
Community or Subscriber	106	2.7
Cable or Broadcast Equipment	422	10.8

\*TV Factbook (Sept. 1, 1977)

## Pay Cable Television

Pay cable television is a premium programming service offered to CATV subscribers by a growing number of cable operators. For an extra monthly fee, pay cable subscribers receive a separate channel of high quality programming beyond the basic CATV service. This pay cable programming, which usually includes current movies, sports programming not available on commercial TV, drama, cultural and children's programs, and entertainment specials, is presented in unedited form and without commercial interruptions.

### Pay Cable Statistics\*

Pay subscribers 12/31/77	1.6 million
Homes passed by systems offering pay	13.4 million
Basic subs in systems offering pay	6.5 million
Number of systems offering pay	604
Number of states where pay cable is in operation	46
Typical pay rate	\$7.92

### Pay-Cable Distributor/Bookers\*

Distributor/Booker	System	Subscribers
Home Box Office (Time, Inc.) NY	390	1,046,420
Telemation Program Services of New York	60	239,320
Hollywood Home Theatre of NY (includes PRISM)	25	95,930
Showtime, (Viacom) NY	38	91,890
Independents (Self-booked)	29	78,410
Optical Systems, Atlanta, GA	15	29,010
Pay TV Services, Dunwoody, GA	10	26,000
Best Vision, Glendale, AZ	31	25,140
Cinamerica, Beverly Hills, CA	6	9,990

\*Kagan, Paul, 'Pay TV Newsletter' 3/8/78

### Growth of Industry\*

	TV Homes (thousands)	CATV Systems	SUBS. <sup>1</sup> (thousands)	CATV Saturation of TV Homes
1968	56,374	2,000	2,800	4.9
1969	57,514	2,260	3,600	6.3
1970	59,389	2,490	4,500	7.6
1971	60,775	2,639	5,300	8.7
1972	62,969	2,841	6,000	9.5
1973	65,244	2,991	7,300	11.2
1974	66,575	3,158	8,700	13.1
1975	68,771	3,506	9,800	14.3
1976	70,573	3,651	10,800	15.3
1977	71,556	3,832	11,900	16.6
1978	73,307	4,001E	13,000	17.7

(as of January 1 each year) \*1978 TV Factbook

## CATV Originations\*

Total Systems Operating	3,911
Total Systems Originating	2,571
Systems with automatic originations only	1,474
Systems with non-automatic originations only	97
Systems with automatic & non-automatic originations	1,000

### Automatic originations, by type—

Time-weather	2,359
News ticker	603
Stock ticker	274
Sports ticker	199
Message wheel	394
Advertising	451
Other	347

### Non-automatic originations, by type—

Local live	680
Film	197
Tape	389
School channel	243
Public access	182
Advertising	284
Pay-cable	530
Other	219

\*1978 TV Factbook

## Service Options

Retransmission of local broadcast signals

Importation of independent TV stations from around the country

Cable/satellite programming

Importation of networks to areas which would not otherwise have full local network service

Pay TV channels featuring commercial-free programming

Origination of local, community-oriented programs

Examples of automated services

- news ticker
- stock reports
- weather reports
- shopping guides
- security services

Typical Local Origination Services:

Retirement Advice—Mission Cable TV, San Diego, CA

Classified Ads—Clinton Cablevision, Clinton, IA

Government Information—Gill Cable, San Jose, CA

Transportation Service—Theta of California, Los Angeles, CA

Consumer Shopping—Tulsa Cable TV, Tulsa, OK

Swap & Shop—Cablevision Systems Corp., Oyster Bay, NY

Spanish Programming—Warner Cable of Kern County, Bakersfield, CA

German Programming—Manhattan Cable TV, New York, NY

French Programming—Teleprompter Manhattan Cable, New York, NY

## Top 50 Cable System Operators\*\*

With breakdown of Top 25 and Second 25 status of December 31, 1977. Data obtained directly from company officials.

Rank	System Operator	Number of Subscribers
1.	Teleprompter	1,111,529
2.	American TV & Communications Corp.	690,000
3.	Tele-Communications Inc.	575,500
4.	Warner Cable Corp.	570,000
5.	Cox Cable Communications Inc.	504,000
6.	Viacom International Inc.	362,875
7.	Sammons Communications Inc.	309,033
8.	Communications Properties Inc.	293,000
9.	UA-Columbia Cablevision Inc.	238,000
10.	United Cable TV Corp.	207,002
11.	Continental Cablevision Inc.	201,745
12.	Storer Cable TV Inc.	198,724
13.	Cablecom-General Inc.	190,106
14.	Service Electric Cable TV Inc.	188,150
15.	TeleCable Corp.	162,000
16.	Midwest Video Corp.	159,674
17.	General Electric Cablevision Corp.	156,000
18.	NewChannels Corp.	147,466
19.	Daniels & Associates	145,092
20.	Liberty Communications Inc.	139,784
21.	Western Communications Inc.	109,000
22.	Texas Community Antennas Group	101,400
23.	Manhattan Cable TV Inc.	95,400
24.	Century Communications Corp.	91,486
25.	Times Mirror Co.	88,100
<b>TOTAL—Top 25</b>		<b>7,035,066</b>

Rank	System Operator	Number of Subscribers
26.	Comcast Corp.	87,200
27.	Telesis Corp.	86,162
28.	Karnack Corp. (LBJ Co.)	84,210
29.	Athena Communications Corp.	84,000
30.	Cablevision Systems Development Co.	81,000
31.	Tele-Media Corp.	80,926
32.	Communications Services Inc.	80,530
33.	Colony Communications Inc.	79,577
34.	Vision Cable Communications Inc.	75,321
35.	Harron Communications Corp.	72,000
36.	Acton Corp.	69,550
37.	Rollins Inc.	69,240
38.	Harris Cable Corp.	68,500
39.	Gill Cable Inc.	68,327
40.	Wometco Communications Inc.	66,885
41.	Heritage Communications Inc.	63,987
42.	Westinghouse Bcstg. Co. Inc.	61,969
43.	Plains TV Corp.	60,155
44.	Multi-Channel TV Cable Co.	58,318
45.	Twin County Trans-Video Inc.	58,000
46.	King Videocable Co.	56,000
47.	Palmer Bcstg. Co.	54,150
48.	Toledo Blade Co.	52,000
49.	Televents Inc.	51,975
50.	Omega Communications Inc.	48,000
<b>TOTAL—2nd 25</b>		<b>1,717,982</b>
<b>GRAND TOTAL—TOP 50</b>		<b>8,753,048</b>



## CABLE TELEVISION'S EXPANDING DIVERSITY

### OVER 1,000 PROGRAMMING HOURS WEEKLY

Cable television subscribers can receive over 1,000 hours of programming weekly from the following satellite users (some begin service in 1979). The satellites being used are the RCA Satcom I and Western Union's Westar II.

- Associated Press (special 24-hour cable TV version of AP newswire)
- The Christian Broadcasting Network (religious programming)
- C-SPAN (Cable Satellite Public Affairs Network, slated to begin coverage in March '79 of gavel-to-gavel proceedings of the House of Representatives)
- Entertainment and Sports Programming Network (regional sports programming, along with original productions)
- Fanfare Television (regional sports and special entertainment)
- Home Box Office (movies, original entertainment specials, sports events)
- Calliope (a special children's drama series)
- Madison Square Garden Sports (pro tennis, NHL & NBA games, track and field events from the New York Arena)
- Home Theater Network (G- and PG-rated movies package)
- Modern Talking Pictures
- Nickelodeon (children's programming, 13 hours daily)
- PTL Television Network (religious programming)
- Reuters, Ltd. (statistical data, stock and commodity information and financial news, plus supplies computerized business information to banks, brokerage houses and commodity dealers)
- Showtime Entertainment (movies, original entertainment specials, sports events)
- WTCG - Independent TV station from Atlanta
- KTVU - Independent TV station from Oakland
- Star Channel (movies, specials)
- Trinity Broadcasting Network (religious programming)
- UPI-Newstime (24-hour news service)
- WGN-TV - Independent TV station from Chicago
- WOR-TV - Independent TV station from New York
- KTTV - Independent TV station from Los Angeles
- Spanish International Network (Spanish language channel)

### CABLE-ONLY SATELLITE

RCA Americom is seeking FCC authorization to launch a third satellite, Satcom III, late in 1979 to accommodate the expanding number of services being developed by cable television. When FCC authorization is given, there could be as many as 35 transponders available for cable programming distribution.

Satcom I is full, so this satellite launch was moved up a year because of the demand for space for cable programming.



available for pay cable distribution. At this time, there are seventeen companies currently producing product for pay-cable television.

The climate of inter-industry competition to produce material applicable to the pay cable audience is proof that, as stated in the Los Angeles Times recently, "the cable industry is addressing itself to the content, and not just the form, of what it is carrying into people's homes."

## THE INFORMATION ERA

Constant advances and experimentation with cable television technology have made cable far more than an entertainment medium. Cable systems are offering consumers a wide variety of new services in other formats.

For example, now in operation in 11 cable systems across the country is a fire/burglar alarm system that protects cable subscribers and their property over the same cable that brings entertainment into the home. More and more communities are exploring this unique use of cable television for their residents.

To be unveiled later this year is a video game service expressly designed for cable technology by Mattel Toys and Jerrold Electronics. This service also can include personal computer-type services for the family.

Videotex information systems will provide consumers, through cable television, the capability of obtaining and displaying stored data such as sports, news, shopping, and educational material. A similar service is already available to consumers in Canada (with its greater cable penetration). This type of service was introduced to the business community in this country four years ago by Reuters via Manhattan Cable Television. It provides data transmission, via cable, to over 400 locations in lower New York City, and includes information on securities, money markets, and commodities.

In Suffolk County, New York, residents accused of a misdemeanor will be arraigned directly from the local police precinct via a two-way cable interconnection with the Courthouse. This will save the community approximately \$1 million per year in transportation and processing costs.

These services and others have transformed cable television into a unique medium which fits none of the traditional categories of communications services. Its economic structure, embracing both subscriber and some advertising revenues, and the growth of new services have made the medium into an entity which can best be described as an "electronic publisher".

## CHILDREN'S TV FIT FOR KIDS

The list following this section shows where cable systems have built receive-only earth stations to pick up the satellite programming. The cable television industry is the largest user of domestic communications satellites, with 1,000 earth stations in place at the end of 1978.

The cable television industry has developed and is offering programming especially produced for, and directed to, children and teenagers. For example,

\*Warner Cable Corporation is offering, via satellite, "Nickelodeon", a children's channel with 13 hours of programming a day. Series include "Pinwheel" for pre-schoolers, and a talk/disco series, "Bananaz" for teenagers, and educational feature items on a wide variety of subjects. All the programming is non-violent and without commercial interruption.

The production staff of Warner Cable Corporation includes former staff members of the Children's Television Workshop.

\*"Calliope", distributed by UA-Columbia, Inc., in joint venture with the Learning Corporation of America, has been programming children's shows since September 1978. Programming includes 90 minutes of films each week covering comedy, drama, short stories, and U.S. History. Films have been selected for ages 4-14, and include national and international classics.

\*On the local level, numerous cable systems provide special children's programs, produced and originated by the system operator. Many of these are educational services. A system in Garden City, New York, for example, offers a call-in tutoring program through which teachers provide evening help on homework.

## EVOLUTION OF PAY CABLE

In 1972, when pay cable programming was first introduced to cable subscribers, its main feature was movies shown without commercial interruption.

But with expanding cable television channel capacity -- particularly in urban areas-- and a national pathway for programming via satellite, made-for-pay cable programming is mushrooming and diversifying to include virtually all phases of entertainment.

The cable industry will spend \$100 million in non-movie production in 1979, double its 1978 expenditures.

Consumers can choose from made-for-pay movies, specials, in-concert performances with top-name stars, and sports programming. Additionally, in an attempt to offer an even greater choice of viewing, a number of pay-cable companies are offering special family packages that include children's programming, G- and PG-rated movies. Walt Disney Productions is also making programs

PROGRAMMING AVAILABLE TO CABLE SYSTEMS VIA SATELLITE

January 1979

<u>Programming</u>	<u>Satellite</u>	<u>Description of Service</u>
Christian Broadcasting Network Pembroke 4 Virginia Beach, Virginia 23463 (804) 499-8241	Satcom I	Religious programming
C-SPAN 1745 Jefferson Davis Highway, Suite 308 Arlington, Virginia 22202 (202) 892-4200	Satcom I	Gavel-to-gavel coverage of U.S. House of Representatives
Entertainment & Sports Programming Network 319 Cooke Street Plainville, Connecticut 06062 (203) 747-6847	Satcom I	Regional sports, Original programming
Fanfare Television Ten Greeway Plaza, East Suite C-290 Houston, Texas 77046 (713) 960-8731	Satcom I	Regional sports (S.W. Conference, Astros, Rockets) Movies, Special entertainment programming
Home Box Office, Inc. Time-Life Building, 15th Floor Rockefeller Center New York, New York 10020 (212) 556-4715	Satcom I	Movies, Sports, Specials
Home Theater Network, Inc. 465 Congress Street Portland, Maine 04101 (207) 774-6334	Satcom I	G and PG rated movies
Madison Square Garden Sports 7 Fir Court Oakland, New Jersey 07436 (201) 337-5700	Satcom I	Sports
Modern Cable Programs 2323 New Hyde Park Road New Hyde Park, New York 11040 (516) 437-6300	Satcom I	Independent (non-network) programming

<u>Programming</u>	<u>Satellite</u>	<u>Description of Service</u>
Nickelodeon Children's Programming, Warner 75 Rockefeller Plaza New York, New York 10019	Satcom I	Children's programming
PTL Television Network Charlotte, North Carolina 28279 (704) 554-6080	Satcom I	24-hour religious programming
Reuters, Limited 1700 Broadway New York, New York 10019 (800) 221-7266/6430	Satcom I	News, Stocks, Financial
Showtime Entertainment, Inc. 1211 Avenue of the Americas New York, New York 10036 (300) 223-0646/0647	Satcom I	Movies, Special programming
Star Channel (Warner) 75 Rockefeller Plaza New York, New York 10019 (212) 484-6826	Satcom I	Movies, Special programming
Trinity Broadcasting Network P.O. Box A Santa Ana, California 92711 (714) 832-2950	Satcom I	Religious programming
United Press International-Newstime 220 East 42nd Street New York, New York 10017 (212) 682-0400	Satcom I	24-hour news, Financial
WTCG, Channel 17 Cable Relations 1018 West Peachtree Street Atlanta, Georgia 30309 (404) 875-7317	Satcom I	Independent (non-network) programming
WGN, Channel 9 2501 Bradley Place Chicago, Illinois 60618 (312) 528-2311	Satcom I	Independent (non-network) programming
KTVU, Channel 2 Miami Valley Broadcasting Corporation One Jack London Square Oakland, California 94607 (415) 834-2000	Satcom I	Independent (non-network) programming

<u>Programming</u>	<u>Satellite</u>	<u>Description of Service</u>
Digital Communications 310 14th Avenue South St. Petersburg, Florida 33701 (813) 822-7871	Westar II	Movies
Spanish International Network 250 Park Avenue New York, New York 10017 (212) 697-0585	Westar II	Spanish language programming

## Cable TV Operator Owned Earth Stations

### Alabama

Andalusia  
Anniston  
Atmore  
Birmingham  
Brewton  
Dalville  
Decatur  
Demopolis  
Dothan  
Enterprise  
Fayette  
Florence  
Gadsden  
Hamilton  
Huntsville  
Jasper  
Mobile  
Oneonta  
Opelika  
Opp  
Ozark  
Pell City  
Prattville  
Russellville  
Selma  
Smiths  
Troy  
Tuscaloosa  
Wetumpka  
Winfield

### Arizona

Bisbee  
Bullhead City  
Globe  
Keystone Park  
Lake Havasu City  
Mesa  
Phoenix  
Prescott  
Sierra Vista  
Smith Peak  
Tempe  
Yuma

### Arkansas

Arkansas City  
Berryville  
Cordova  
El Dorado  
El Smith  
Harrison  
Helena  
Jonesboro  
Little Rock  
North Little Rock  
Pine Bluffs  
Springdale  
Van Buren

### California

Alluras  
Arvin  
Bakersfield  
Cajon  
El Centro  
Dublin  
Gilroy  
Hayward  
La Junta  
Lompoc  
Los Angeles  
(Santa Monica)  
McCloud  
Modesto  
Napa  
Orinda  
Piedmont  
Rancho Cordova  
Sacramento  
San Bernardino  
San Bruno  
San Diego  
San Lorenzo  
San Francisco

Santa Clara  
Santa Cruz  
Santa Maria  
Santa Rosa  
Sna Ranch  
Smi  
S Lake Tahoe  
S San Francisco  
Surfside Beach  
Turlock  
Ukiah  
Vacaville  
Yucca Peak  
Yucca Valley

### Colorado

Akron  
Basalt  
Crested Butte  
Durango  
Estes  
Glenwood Springs  
Grand Junction  
Holyoke  
Morrison  
Yuba

### Connecticut

Clinton  
Danbury  
Manchester  
Middletown  
New Haven  
New Milford  
North Branford  
Seymour  
Stonington

### Delaware

Wilmington

### Florida

Barton  
Bonita Springs  
Bradenton  
Brandon  
Brooksville  
Cape Coral  
Cocoa Beach  
Dade City  
Delray Beach  
Farradina Beach  
Fl Lauderdale  
Fl Myers  
Fl Pinckney  
Fl Walton Beach  
Gainesville  
Homestead  
Key West  
Lake Wales  
Lakeland  
Manatee Co  
Margate  
Mulberry  
Mullis City  
Naples  
New Port Richey  
New Smyrna Beach  
Niceville  
North Lauderdale  
Orlando  
Panama City  
Pensacola  
Perrine  
Pompano Beach  
Port Charlotte  
Sebastian  
Tallahassee  
Valparaiso  
West Palm Beach  
Winterhaven  
Winter Park

### Georgia

Athens  
Atlanta  
Augusta  
Barnesville  
Brunswick  
Chamblee  
Columbus  
Ft Benning  
Glenville  
Jessup  
Savannah  
Statesboro  
Valdosta  
Waycross  
Westpoint  
Idaho  
Buhl  
Couer d'Alene  
Idaho Falls  
Ketchum  
Lewiston  
Pocatello  
Twin Falls  
Illinois  
Alton  
Aurora  
Belvidere  
Carpentersville  
Clinton  
Eflingham  
Galesburg  
Jacksonville  
Kankakee  
Moline  
Peoria  
Peru  
Rockford  
Rock Island  
Springfield  
Streator  
Indiana  
Anderson  
Columbus  
Crawfordsville  
Greencastle  
Greensburg  
Greenwood  
Jackson  
Jeffersonville  
Kokomo  
Logansport  
Marion  
Morristown  
New Castle  
Seymour  
Terre Haute  
West Lafayette  
Iowa  
Algona  
Atlantic  
Carroll  
Cherokee  
Clinton  
Corning  
Creston  
Des Moines  
Dubuque  
Humboldt  
Red Oak  
Storm Lake  
Kansas  
Anthony  
Arkansas City  
Caldwell  
Dodge City  
Elkhart  
Goodland  
Kansas City  
Lawrence  
Leavenworth  
Liberal  
Manhattan

### Georgia

Marion  
McPherson  
Newton  
Olathe  
Overland Park  
Paola  
Pittsburg  
S Kansas City  
Topeka  
Windfield

### Kentucky

Ashland  
Barbourville  
Elizabethtown  
Ft Campbell  
Fulton  
Glasgow  
Henderson  
Louisville  
Owensboro  
Pudacah

### Louisiana

Alexandria  
Bastrop  
Baton Rouge  
Bossier City  
De Ridder  
Golden Meadow  
Houma  
Jonesboro  
Kenner  
Lake Charles  
Leesville  
Minden  
Monroe  
Morgan City  
Natchitoches  
New Iberia  
Opelousas  
Ruston  
Schreveport  
Slidell  
Thibodaux

### Maine

Portland  
Rockland  
Washburn  
Maryland  
Aberdeen  
Allegany Co  
Anne Arundel Co  
Marion  
Cumberland  
Gaithersburg  
Hagerstown  
Salisbury  
Massachusetts  
Nantucket  
Orleans  
Palmer (Monson)  
Parr  
Woburn  
Michigan  
Adrian  
Bay City  
Calumet  
East Lansing  
Escanaba  
Flint  
Grand Rapids  
Greenville  
Iron Mountain  
Ironwood  
Kalamazoo  
Lakeview  
Lansing Twp  
Ludington  
Manistowic  
Monroe  
Mt Pleasant  
Muskegon  
Saginaw

Sault St Marie  
Sawyer AFB  
(Forsyth Twp.)  
Three Rivers  
Ypsilanti

### Minnesota

Alexandria  
Aurora  
Brainerd  
Cascade Twp  
Detroit Lakes  
Duluth  
East Grand Forks  
Fosston  
International Falls  
Mankato  
Maple Lake  
Moorhead  
Oronoco Twp  
Ortonville  
Rochester  
St Cloud  
Thief River Falls

### Mississippi

Biloxi  
Booneville  
Carnton  
Columbus  
Cormith  
Forest  
Fulton  
Hattiesburg  
Jackson  
McComb  
Meridian  
Natchez  
New Albany  
Oxford  
Pearl  
Starkville  
Vicksburg

### Missouri

Carthage  
Moberly  
Osage Beach  
Platt County  
Rolla  
St Joseph  
Montana  
Anaconda  
Billings  
Butte  
Great Falls  
Havre  
Kalispell  
Laurel  
Lewiston  
Missoula

### Nebraska

Aurora  
Beatrice  
Broken Bow  
Grand Island  
Lincoln  
McCook  
North Platte  
Oshkosh  
Sidney  
Tonapah  
Nevada  
Carson City  
Reno

### New Jersey

Hackettstown  
Jacksonville  
Manahawkin  
Point Pleasant Beach  
Toms River  
Wanamassa  
Washington

### New Mexico

Albuquerque  
Bayard  
Carlsbad  
Deming  
Española  
Farmington  
Gallup  
Grants  
Hobbs  
Hurley  
Las Cruces  
Lovington  
Portales  
Santa Fe  
Silver City  
Socorro  
Taos

### New York

Amsterdam  
Buffalo  
Catskill  
Hornell  
Islip  
Liberty Village  
Suffolk  
Utica  
Warwick  
Wurtsboro

### North Carolina

Charlotte  
Durham  
Elizabeth City  
Fayetteville  
(Spring Lake)  
Forest City  
Greensboro  
Greenville  
Hickory  
Jacksonville  
James City  
New Bern  
Raleigh  
Roanoke Rapids  
Rocky Mount  
Tarboro  
Wilmington  
Winston-Salem

### North Dakota

Bismarck  
Dickinson  
Jamesstown  
Minot  
Minot AFB

### Ohio

Ashland  
Ashtabula  
Beaver Creek Twp  
Columbus  
Connoaut  
Dayton  
Delaware  
Hamilton  
Ironton  
Lancaster  
Lima  
Mansfield  
Marion  
Nelsonville  
New Lexington  
Newark  
Piqua  
Portsmouth  
Shaker Heights  
Zanesville

### Oklahoma

Ada  
Anadarko  
Ardmore  
Atoka  
Chickasha  
Clinton  
Coalgate  
Cordell  
Duncan  
Edmond  
El Reno  
Elk City  
Fairview  
Muskogee  
Norman  
Perry  
Ponca City  
Pondreok  
Poteau  
Purcell  
Sayre  
Tulsa  
Weatherford  
Yukon

### Oregon

Berd  
Brookings  
Eugene  
Portland

### Pennsylvania

Canonsburg  
Erie  
Farrell  
Hookstown  
Johnstown  
Londonderry  
Lower Pottsville  
Pottstown  
Masontown  
Meadville  
Monroeville  
Oil City  
Plum  
Reading  
Red Lion  
S Ampton Twp  
Titusville  
Westleyville

### Rhode Island

Bradford

### South Carolina

Aiken  
Beaufort  
Charleston  
Clinton  
Columbia  
Conway  
Florence  
Gaffney  
Georgetown  
Greenville  
Greenville  
Greer  
Harbison  
Hilton Head Island  
Laurans  
N Charleston  
N Myrtle Beach  
Orangeburg  
Richland County  
Shaw AFB  
Simpsonville  
Spartanburg  
Sumter  
Surfside Beach  
Williston

### South Dakota

Edgemont  
Mitchell

### Tennessee

Bristol  
Chattanooga  
Cleveland  
Columbia  
Cookeville  
Dyer  
Erwin  
Greeneville  
Henderson  
Jackson  
Kingsport  
Knoxville  
La Follette  
Lawrenceburg  
Lenoir  
Lexington  
Loudon  
Manchester  
McMinnville  
Memphis  
Murfreesboro  
Oak Ridge  
Paris  
Pulaski  
Sparta  
Trenton  
Tullahoma

### Texas

Abiene  
Amarillo  
Austin  
Ballinger  
Beaumont  
Beville  
Bellair  
Brazoria  
Breckenridge  
Brownsville  
Bryan (A)  
Bryan (B)  
Canyon  
Champions  
Clear Lake City  
Cleland  
Clark  
Conroe  
Corpus Christi  
Corsicana  
Crosbyton  
Dalhart  
Del Rio  
Denver City  
Edna  
El Paso  
Galveston  
Georgetown  
Glenrose  
Hartington  
Huntsville  
Kerville  
Laredo  
Llano  
Lockhart  
Lubbock  
Marfa  
New Braunfels  
Olney  
Orange  
Palestine  
Pampa  
Pasadena  
Perryton  
Phar  
Plainview  
Port Arthur  
Port Neches  
Raymondville  
Rockdale  
Rocksprings  
Sea Graws  
Seminole  
Sequin  
Stockton  
Sulphur Springs  
Taylor

### Tennessee

Tyler  
Uvalde  
Waco  
Weslaco

### Utah

Brigham City  
Logan  
Ogden  
Salt Lake City  
Vernal  
Virginia  
Arlington  
Covington  
Danville  
Fredericksburg  
Grundy  
Hampton  
Hopewell  
Lynchburg  
Newport News  
Norfolk  
Onancock  
Petersburg  
Pulaski  
Richlands  
Roanoke  
Rocky Mount  
Salem  
Solma  
Tazewell  
Virginia Beach

### Washington

Aberdeen  
Anacortes  
Auburn  
Centralia  
Kennewick  
Megler  
Olympia  
Omak  
Pasco  
Prosser  
Spokane  
Tacoma  
Wenatchee  
West Virginia  
Berkeley  
Cedar Grove  
Charleston  
Eleanor  
Fairmont  
Huntington  
Kenova  
Parkerburg  
Princeton  
Wheeling

### Wisconsin

Appleton  
Braver Dam  
Brookfield  
Eau Claire  
Elm Grove  
Fun du Lac  
Janesville  
Madison  
Milwaukee  
Onalaska  
Prairie du Chem  
Racine  
Rhinelander  
Ripon  
Superior  
Wausau  
Wauwatosa

### Wyoming

Casper  
Cheyenne  
Dubois  
Green River  
Lander  
Rawlins  
Riverton

## Broadcaster Owned Earth Stations

Phoenix Arizona  
Sacramento California  
Tustin California  
Miami Florida (2)  
Lampa St Petersburg Florida  
Atlanta Georgia  
Boston Massachusetts  
Minneapolis Minnesota  
Kansas City Missouri  
St Louis Missouri  
Buffalo New York  
Charlotte North Carolina  
Dallas Texas  
San Antonio Texas  
Virginia Beach Virginia  
Seattle Washington

## RCA Stations Dedicated to Government Users

Delano California  
Dixon California  
Edwards AFB California  
Goldstone California  
Monterey California  
Pasadena California  
Somerville California  
Thule AB Greenland  
Kokee Park Hawaii  
Godland SFC Maryland (2)  
Sutland Maryland  
Offutt AFB Nebraska  
White Sands New Mexico (2)  
Sioux Falls South Dakota  
Johnson Space Center Texas (2)  
Wallops Island Virginia

## Major RCA American Earth Stations

Los Angeles California  
San Francisco California  
Atlanta Georgia  
Chicago Illinois  
New York New York  
Houston Texas

## RCA Tracking, Telemetry & Command Stations

Los Angeles California  
(South Mountain)  
New York New York  
(Vernon Valley,  
New Jersey)

## Offshore Services

Dolling Vessel  
Baltimore Canyon



## THE CITIES: CABLE'S NEXT FRONTIER?

1. New cable services have spurred consumer demand in major urban areas.
  - o Recently built suburban systems offering pay TV and innovative local programming have demonstrated cable's expanded viewing options to nearby cities.
  - o Cable systems were built in a few major markets -- among them New York, Los Angeles and San Francisco -- in the 1950's and 1960's to solve local reception problems.
  - o A new wave of construction is currently underway in cities like Rochester and Syracuse, NY; Louisville, KY; Ft. Lauderdale and Jacksonville, FL; Ft. Wayne, IN; Richmond, VA.
  - o Other cities are now hammering out cable franchises, including Kansas City, MO; Little Rock, AR; Oklahoma City, OK; Pittsburgh, PA; and San Antonio, TX.
  
2. Federal regulation, which has blocked cable from major TV markets, seems to be slowly loosening.
  - o Prompted by broadcasters' fears of competition, the Federal Communications Commission froze cable development in urban areas for four years, 1968-1972.
  - o Regulations issued in 1972 still restrict the number and kind of TV signals cable systems can offer--an important commodity in establishing cable in major markets.
    - The increased programming added by distant signals attracts the broad subscriber base cable systems need to be economically viable and to develop cable's community potential.
    - The FCC rules limit the number of distant signals systems can carry and often require up to 50 per cent of the programming on those signals to be blacked out.
  - o Recent court decisions have overturned some regulations, including those limiting development of pay TV.
  - o The FCC is currently reviewing its rules, and the chairman of the House Communications Subcommittee has proposed legislation which would end all federal regulation of cable.

3. Lending markets are opening up to long-term cable financing.

- o Cable development in urban areas, which requires large capital loans, was restricted by the economy-wide credit crunch of 1972-75.
- o Lending institutions made almost \$100 million in cable industry loans during 1977, up 10% over 1976.
- o Insurance companies are now entering cable loan competition for the first time, reflecting the maturing nature of the industry.





## **SPEAKING OF CABLE**

In this era of mass communications, policy makers are increasingly interested in the abundance of cable television channels and the variety of services they can bring to the office and home. Soon the only limits on new programming and services may be the limits of man's imagination.



meta



The Washington Post  
Saturday, March 17, 1979

*Robert L. Schmidt*

# The People v. Television

As TV writer Tom Shales predicted, The Washington Post's recent survey of Americans' changing attitudes toward television has created a furor in the plush offices of network executives and movie moguls.

Fifty-three percent of the viewers

That second line was the underpinning of a response to the Post poll that appeared on this page March 8, "Why Such 'Charity' for Cable TV?," by Jack Valenti, president of the Motion Picture Association of America.

While Valenti gave lip service to



Post indicated they would be willing to pay a small sum for better television.

But at every step, broadcasters and the studios have enlisted government support to halt the development of alternative program options. Distant-city television signals, which are a major at-



# *Fading Reception*

## The Bloom Is Off America's Love Affair With the Tube

By Tom Shales

America is tired of its television set. It wants a new one.

The old one is wearing out. It is even wearing out its welcome in the American living room.

A nationwide Washington Post Poll published today shows that a majority of TV

to give them the royal pooh-pooh, citing Nielsen ratings that do not show any substantial viewer dropoff, except in daytime hours.

The figures corroborate what is rapidly becoming an irrefutable truism. People are

by ads on TV than by those in any other medium.

With the regularity of cock-a-doodle-doo's in a barnyard, network executives now make speeches warning against new technologies that threaten their profits—and offer the public something new. The latest of these speeches was made by CBS Inc. President John D. Backe in Los Angeles last month.

Backe called American television a "blessing," which it certainly has been for CBS Inc., and said, "Spokesmen for special interests can hurl all the criticisms they want, can call it chewing gum for the eyes, can damn us from dawn on Monday to dusk on

# Children's Programming Without Commercials

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By LES BROWN

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The new network does not go by initials but by the name Nickelodeon. Since it carries no advertising, it is liberated from the tyranny of audience headcounts. Instead of being designed by specialists in the art of riveting the great mass of viewers to the set, its programming is assembled by an authority in children's education, Dr. Vivian Horner, who

## An Electronic Sandbox

Dr. Horner explained the Nickelodeon philosophy: "We are trying to make it be not-television, different from commercial or public television. And much of it will be — pardon the expression — good for them. The object is not to compete with the commercial networks but to provide an alternative. We're not trying to sell the kids anything. We're paid in advance for what we provide, and so we're not motivated the same as other television programmers."

"This doesn't look at all like television fare," Dr. Horner noted. "The pace is different, slower, gentler. There is none of the bang-bang-bang that the commercial people think necessary to catch and hold attention. The programming is made up of varied materials of varying lengths, so that none of it begins or ends on the hour. I think of it as an electronic sandbox the kids can come to whenever they wish."

For children between age 7 and the teens, the fare is mostly films from the Bernice Coe collection of quality films for television and from Xerox, Encyclopaedia Britannica, Macmillan and other companies producing for schools.

Bridging the age groups are old movie cliffhangers, such as the Tom Mix and Rin Tin Tin serials, and a new television form billed as Video Comic Books, in which the dialogue balloons are read by off-screen actors. "I think of it as a kind of supported reading activity, without making any educational claims for it," Dr. Horner remarked.

Nickelodeon's big, original production is a daily teenage program "America Goes Beyond." This is a youth version

# Satellite Spurs Growth of Cable TV

New York Times  
Monday, December 20, 1978

By LES BROWN

A shower of programming from the sky promises a boon to cable television that some experts believe will elevate it to a full-fledged mass medium, attractive to advertisers, within the next two or three years.

The new programming will descend

The suddenness of the development is illustrated by the fact that a year ago only four of the 18 available channels on Satcom I were in regular use, while today all 18 are spoken for. Companies have leased them for five to 10 years, paying up to \$1.3 million a year for the satellite time.

## 'This Was No Fluke'

"This was no fluke. It was good business that caused the companies to make long-range commitments on the satellite," said Paul Kagan, a cable industry analyst and consultant, in a telephone interview from Carmel, Calif.

Warner Communications also has two, one for its new children's network, the other presumably for a pay-television service. The Madison Square Garden network is sharing a transponder with C-SPAN, the public-affairs channel devoted to carrying the Congress-

(more)

# TV Set Views Viewer

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By LES BROWN

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**G**EORGE ORWELL'S prophecy of an advanced electronic society in 1984, in which the television set may watch as well as be watched, could be fulfilled right on schedule. In the next five or six years, a substantial

privacy question, Gustave Hauser, president and chairman of Warner Cable and the moving force behind Qube, maintains that his company keeps the viewing records under tight security and uses them internally only for market analyses and audience-research purposes.

ing that pornography may be brought into homes on a large scale through video cassettes, video disks and the new forms of pay television that permit viewers to buy the individual programs they want.

Others fear that an open communications market in the 1980's, one that gives television equal freedom to the print media, will be a kind of electronic anarchy in which political propaganda of every sort will flow freely through the television sets.

Yet another concern is that the own-

# Welcome to the World of Cable Television

By Larry Kramer  
Washington Post Staff Writer

Beginning in June, if you live in a certain part of Arlington, you will be able to turn on your television and see any of the following programs:

- Continual stock market quotations with added financial news.
- Twenty-four-hour audio news accompanied by newsphotos.
- Full-length, feature motion pictures—"Annie Hall," for example.
- Comparative shopping guides showing the day's prices of the same products at three dozen Arlington drugstores.
- Adult education classes at an Arlington school.
- Continuously updated satellite weather photo of the area.
- Local news from a San Francisco independent television station.
- An Atlanta Braves baseball game.
- And more, including perfect reception of all Washington and Baltimore commercial television stations and four area educational stations.

Welcome to the world of cable television, an institution that is scaring the ratings off of those in the government who worry about how to regulate this 20-year-old communications force.

The Arlington Telecommunications Corp. expects to start serving its first homes in June with a cable system that it hopes will reach about 72,000 homes in Arlington County by 1980.

There is one word to describe the state of the art in the cable television industry—confusion. One only has to read the federal cable regulations to realize just how confusing the subject has become.

Meanwhile, cable television companies are popping up around the country with the approval of local governmental bodies charged with awarding franchises. There are approximately 3,700 cable TV systems in the United States, serving 8,000 communities and 12.5 million homes.

Estimated annual revenues of the cable industry are \$900 million and profits are better than they have ever been.

By the end of this year, according to the National Cable Television Association, an estimated 14 million homes will be wired to cable—nearly one-fifth of all the homes in the U.S. with television.

A recent study by the Department of Commerce projects that cable subscribers will be added at a rate of 9 percent annually to a total of about 25 million in 1985.

With an apparent move toward deregulation in the offing from congressional staffers who are rewriting the Communications Act of 1934—which made no mention of cable—there is a chance that growth could even be faster.

Just what is cable television, and why is the government having so much trouble trying to figure out what to do with it?

Community Antenna Television (CATV), often referred to as cable television, was created in the early 1950s to bring distant television signals to isolated communities. The idea was to erect one huge antenna in an area that because of local terrain or distance from transmitters had little or no television reception, and then, for a fee, string wires from that antenna to a subscriber's home to improve reception.

But in the late 1960s, cable TV evolved into its own entertainment medium, offering not only improved reception of existing television signals, but programming from distant cities and—generally for an added charge—additional forms of entertainment. First-run movies, for example, could be run on special channels with no commercial interruption.

But as the cable industry grew into a major entertainment force, the broadcasting industry began to worry that it would have a serious effect on traditional broadcast business.

Douglas Davis

## Let's Hear It for the Cable

Only the blind and halt of mind can doubt any longer the coming power of cable television. Held back by recession and politics, cable is finally breaking through in city after city, in market after market, and in courtroom after courtroom. I speak out not simply to

by television. And the courts have begun to free CATV to do what was lately forbidden: bid against the entrenched networks for first-run movies and major sports events for use on "pay TV" channels. The Arthur D. Little company predicts that CATV and video cassettes will

-local governments have demanded that the holders of CATV franchises establish channels of "public access" on which any citizen may tele-





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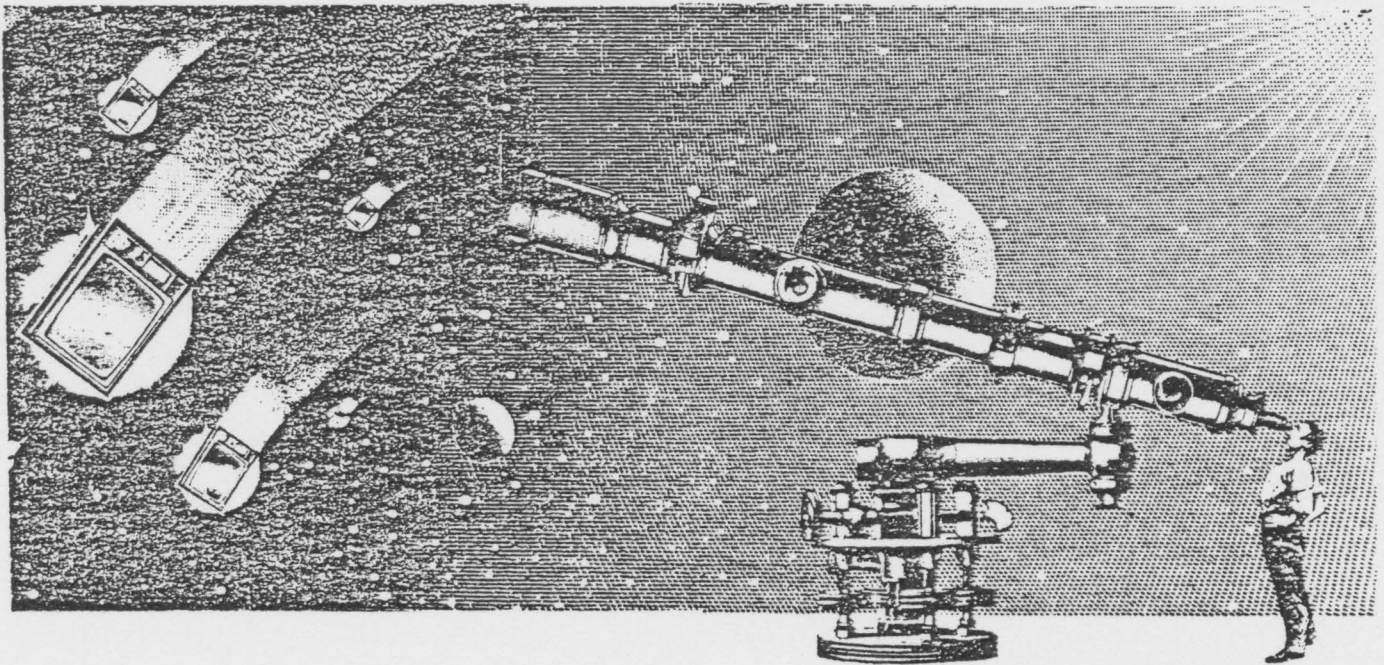


National  
Cable Television  
Association

THE WASHINGTON POST

Sunday, June 18, 1978

# Television in the '80s



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'We asked 10 very informed sources to speculate on the future of television. Some responded verbally; others wrote responses in conjectural, satirical or, in one case, pontifical terms. If you put them all together, you get some idea of what lurks ahead.'

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**T**ELEVISION will be born again.

TV in the '70s has just about had it. Except for Fred Silverman's bid to pull NBC's fat out of the furnace, nothing much will happen now. In fact, for its first three decades, television has remained basically the same, except for such cosmetic transitions as going from black-and-white to color and from a live entertainment and information source to a font of filmed and taped packages.

Now, however, a vast matrix of incipient technologies promises not just a few new wrinkles in television but the possibility it will become a whole new medium.

The Hope of All Humanity!—again.

We asked 10 very informed sources to speculate on what TV in the '80s will be like. Some—like White House media adviser Barry Jagoda, broadcast historian Eric Barnouw and former NBC president Pat Weaver—responded verbally; others wrote responses in conjectural, satirical or, in one case, pontifical terms.

If you put them all together, you get some idea of what lurks ahead.

America has always been in love with the future. The national mood toward television as it is may be one of resigned disenchantment, at best, but the prospects for what is still to come are potentially exhilarating.

Multiple-screen homes will be the rule, not the exception, in the oncoming media renaissance. It will involve such earthly wonders as cable television, pay cable channels, two-way cable channels, fiber optics (a kind of super-cable), station interconnections via satellite, direct satellite-to-home transmission, over-the-air subscription ("pay") television, video cassette players and recorders, video disc players, giant-screen receivers, and so on.

What all this means, basically, is that the number of program sources will greatly multiply and so will the uses to which the television screen is put. We will look at



television in a new way, as not only a source of news and diversion, but as an aid in learning, shopping, banking, and citizenship.

Through television, we may be able to attend meetings of the board of education, the city council, the state legislature, Congress or the United Nations General Assembly.

But dabbling in possibilities is really too easy, and it can raise silly hopes. By now, according to the futurephiles of the past, we were already supposed to be a "wired nation" (through cable) and TV sets were supposed to be

By Tom Shales

flat giant murals. What really happens will depend on the health of the economy and the degree to which the broadcasting industry allows change to occur. Right now Congress is waiting to see what the industry will permit in the rewrite of the 1934 Communications Act.

Even the forecasts of the decidedly pragmatic sound promising, however. William J. Donnelly, vice president for new electronic media at the Young and Rubicam ad agency, wrote a prospectus on TV's '80s called "The Emerging Video Environment" and among his predictions is that cable TV

will reach a 30 percent penetration of American television homes by 1981. Donnelly considers 30 percent the magic snowball number (as it was with TV and then color TV), the point at which a new medium truly makes a national impact.

There are 12 million cable subscribers in the U.S.; Donnelly predicts between 20 and 26 million by the end of 1981. He also thinks there will be 1 million video cassette units at work in American homes the same year, and 1,000 satellite earth stations for video signals. Satellites are important to the future of television because they provide transmission of signals at a much lower cost than the current telephone long-line method. By satellite, Donnelly writes, "it costs the same to send a signal from New York to Philadelphia as it does from New York to Los Angeles," and it's cheap.

What largely hampers television now is the sophisticated mob rule of ratings and the desirability of drawing as many hundreds of millions of people as possible so as to sell those millions to advertisers at a low cost-per-thousand rate. What cable and satellite interconnection of cable systems promises is at long last liberation from this

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## *More Inside . . .*

views on the future of TV  
from White House media adviser Barry Jagoda, Peggy Charren of Action for Children's Television, media consultant Tony Schwartz, Michael Shamburg and Allen Rucker of TTV and Robert L. Schmidt of the National Cable Television Association.

TRUE ALTERNATIVE

# Coming of Age of Cable TV

Los Angeles Times  
Los Angeles, CA  
June 14, 1978

BY LEE MARGULIES

Times Staff Writer

You wouldn't know it to look at most cable television outfits in the Los Angeles area, but there are signs that the cable industry is making strides toward becoming the true alternative to traditional TV that has long been its potential. Cable can be—and in many parts of the country already is—something more than uncensored, uninterrupted movies and printouts of the news and stocks.

What made this astonishingly clear was seeing the finalists in the annual programming competition sponsored by

This was even more evident in the category for outstanding individual program. Viacom Cablevision of San Francisco produced a documentary on crib death. Continental Cablevision of Ohio/CTV-Three covered the 10th annual world championships of radio-controlled aerobatics (remote-controlled model airplanes) in Springfield, Ohio. Viacom Teierama of Warrensville Heights, Ohio, offered excerpts from an original musical play that students at a local high school wrote and produced. Cable 2-Mission Ca-

The New York Times  
May 8, 1978

# Cable TV: Optimistic But Unsure of Way

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By LES BROWN

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While he was still in college, Dick Loftus climbed telephone poles to string wire for cable television. Now he is president of the Amvideo Corporation, a company that owns several small cable systems that are prospering by bringing television signals into homes that do

## Optimism Is Shared

For all their differences, the large operators and the small share the sense of optimism about the future growth of the medium, which has not come very far in three decades. To date, 13 million households subscribe to cable, or 18 percent of all homes that have sets. The total of revenues for the industry last year was \$900 million, somewhat less than the total for a single network last

## Scolded by F.C.C.

The euphoria at the convention was dampened somewhat by two key speakers from the Federal Government, who made it plain that there would be no "legislative mandate" to further the growth of cable.

Charles D. Ferris, chairman of the F.C.C., scolded the industry for depending overly on the retransmission of television signals and for failing to fulfill the prom-

The New York Times  
May 4, 1978

## *To Cable TV Industry, Picture Is Bright*

By EDWIN McDOWELL

Special to The New York Times

NEW ORLEANS, May 2—The persistent Dixieland beat lends an ebullience to most proceedings in this city, but that rhythm is not the main reason delegates to the National Cable Television Association convention seem so happy. They are cheerful because of widespread industry agreement that the future looks bright indeed.

At the moment, however, only 10.8 million of the nation's approximately 72 million households have access to cable, so the industry has much catching up to do.

A visit to Rivergate Convention Center on the outskirts of the city's French Quarter revealed a dazzling assortment of cable television equipment, some of it futuristic enough for a cable TV version of "Star Wars." Among the equip-

There is almost no end here to the claims of what cable can and will deliver. But earlier this week Charles D. Ferris, chairman of the Federal Communications Commission, scolded delegates for too often merely echoing the mass-marketing programming techniques of commercial networks.

The criticism raised some hackles, especially among delegates who pointed to the lineup of unusual art films

# Communications Chairman Lauds Cable Television

The chairman of the U.S. Senate Communications Subcommittee said Monday he believes in the promise of cable television as a unique communications medium capable of enriching the entertainment and other services available to the American public.

Sen. Ernest F. Hollings, D-S.C., made his remarks at the New Orleans Hilton in a luncheon address to

The Times-Picayune  
New Orleans, LA.  
May 2, 1978

Times-Picayune  
New Orleans, LA  
May 1, 1978

# O'Neill Tells Cable TV House Wants Full Coverage

By SANDRA BARBIER

1 487  
The white-maned Speaker of the House of Representatives, Thomas P. "Tip" O'Neill, assured members of the National Cable Television Association Sunday there will be "gavel to gavel" television coverage of House sessions but added he would not stand for much "directing."

O'Neill, D-Mass., said if he were "to judge the

said a new bill is "in the works" which would delete many existing Federal Communications Commission bills, and O'Neill told the group the current head of the FCC "I am sure . . . will try to curb the regulatory monstrosity you face."

An eloquent talker, O'Neill dotted his speech with humorous anecdotes. He praised President Carter for being "the first to tackle the tough issues," including human rights, welfare reform and energy

# How Cable TV Gave 'Annie' a Lift

By ALJEAN HARMETZ

Special to The New York Times

LOS ANGELES  
**T**HE Academy Award-winning "Annie Hall" had one distinct advantage over its four competitors. To see it, the majority of Academy of Motion Picture Arts and Sciences voters had only to reach over and turn on their television sets.

The week before nominating ballots were mailed last January, "Annie Hall" played on the Z Channel in Los Angeles, part of an \$18.95-a-month cable-television system. Since 1975, studios have been cautiously placing a few of their new movies on Z for one special screening that usually coincides with the mailing of the academy ballots. The correlation to unexpected acting nominations has been surprisingly high. Diana Carroll for "Claudine," Glenda Jackson for "Hedda," Maximilian Schell for "The Man in the Glass Booth," Liv Ullmann for "Face to Face" and Marcello Mastroianni for "A Special Day" probably owe their nominations in large part to the special screenings, while Art Carney may owe his Oscar for "Harry and Tonto" to a showing on Z just after the final ballots were mailed out.

"We have 87,000 subscribers," Frank Hickey, head of marketing for Theta Cable, said. "Almost 47,000 of them take the Z channel, including all subscribers who live in Beverly Hills and Bel Air. Two years ago, a survey that we did not commission said that 75 percent to 80 percent of academy members were subscribers.

## 'We'll Bring It to You'

"The Z channel is a key portion of an ideal campaign for an Academy Award," Lloyd Leipzig, West Coast director of publicity and advertising for United Artists, said. He arranged for a full week of showings of "Annie Hall" on the cable. "We can reach voters under ideal conditions. They're not hassled by popcorn or parking, or someone coughing in the next row."

"There are some pictures people are not motivated to leave their living

rooms to see," Ashley Boone, vice president of domestic distribution for 20th Century-Fox, said. "Back with 'Harry and Tonto' and 'Claudine,' the screenings we had set up were sparsely attended, even though they were free. So we brought those pictures into people's houses. Essentially we said, 'If you won't go to see it, we'll bring it to you.'"

The four-year-old Z operates from 7 P.M. to 3 A.M., showing one or two movies that have just completed their theatrical runs and one or two that were well received their first time on Z. This week's schedule mixes "The Rocky Horror Picture Show" and "A Bridge Too Far" with "The Man in the White Suit." Next week will bring "New York, New York," "Providence" and "Carrie."

It is to Theta Cable's advantage to give its subscribers even one screening of a new picture, so the company's public relations concern has diligently promoted the concept of "academy specials." But the studios would not have responded—and, in most cases, allowed their new movies to be run without payment from Z—unless they considered it to their advantage, also.

## Few Box-Office Winners

Not all studios believe in the helpfulness of Z. Universal refused to allow "MacArthur" to be shown, even to try to get Gregory Peck a nomination.

Still, the number of films shown on Z has expanded from four in 1975, "Benji," "Claudine," "The Conversation" and "Harry and Tonto," through two in 1976, "Hedda" and "Man in the Glass Booth," to two in 1977, "Face to Face" and "The Shootist," to nine in 1978, "Annie Hall," "Equus," "A Hero Ain't Nothin' but a Sandwich," "I Never Promised You a Rose Garden," "The Late Show," "New York, New York," "One on One," "Outrageous" and "A Special Day."

A glance at the 17 films is enough to show that there are few box-office winners among them. "Face to Face" and "A Special Day" did very well for foreign-language films but, even in Los Angeles, foreign language means a



# Cable and Pay TV on Eve of Technological Revolution

By LES BROWN

**T**HE commercial television industry has weathered in its three decades countless storms of controversy, public pressure and regulatory and legislative sanctions, and it has come through all of them essentially unharmed.

But television's extraordinary resiliency will be put to a more rigorous test in the 1980's, because what is building up now is a technological wave that will be sweeping in formidable new industries that some believe will drastically change the American television system.

Several new forms of electronic communications have already become flourishing businesses expecting significant growth in the next five or six years — cable television, pay television, satellite transmission, portable video cameras, home video recorders and video games.

There is even more to come: the video disk, fiber optics, electronic data transmission and several forms of computer-linked television.

In Washington, where there is a strong sense of a television revolution in the offing, the House Subcommittee on Communications is attempting to revise the 1934 Communications Act to create a free and open market for the emerging technologies on the theory that the public interest is served by diverse, competing media.

## Troublesome Issues Foreseen

Other policymakers, however, foresee numerous troublesome issues rising from the new technologies, such as invasions of privacy, monopolistic control of electronic communications in a community and the entry into homes of pornography and extremist propaganda.

How soon the wave hits will depend, it is generally agreed, on consumer acceptance of the new devices. "It's when technological forces turn into economic forces that you have the big bang," a Wall Street analyst said.

The networks are expressing skepticism about the effects the new industries will have on their business, but they concede that changes are inevitable and that their own giddy period of steady audience growth will probably be over in the 80's.

Vincent Wasilewski, president of the National Association of Broadcasters, also minimizes the effects the new industries will have on commercial broadcasting before 1985: "I don't detect a great public demand for change."

## Unavoidable and Soon

However, many experts in the field, citing the fact that the new developments are affecting every aspect of the television process — production, distribution and display on the home screen — contend that change is unavoidable and that it must come fairly soon.

What the developments are leading to primarily, these experts indicate, are vast increases in the number of viewing channels available to viewers and cheaper and more efficient national distribution of programming. More channels and cheaper distribution would inevitably mean more networks, and these may be expected to cut into the audiences for ABC, CBS and NBC, as well as the existing local television stations.

Melvin A. Goldberg, a research vice president of ABC-TV, said in a recent speech to the American Association of Public Opinion Research: "Time is television's basic commodity. It can be divided but not expanded. To the extent that these new technologies take people away from watching programs, broadcasters must be concerned."

The marriage of two-way cable television to the computer, making it possible to charge viewers for programs they order with the press of a button, is likely to result in a wide variety of specialized programs because they would not require mass audiences. One million viewers paying \$2.50 for an opera, for example, could be more than enough to justify the telecast.

## Cultural Revolution Predicted

"We will be seeing not just a technological revolution," Gustave Hauser, president of Warner Cable, one of the largest cable systems in the country said, "but also a cultural revolution. People will be learning to use television differently and to expect different things from it."

Warner is the parent of Qube, the remarkable two-way system having its tryout in Columbus, Ohio. Qube permits viewers to be polled, order products through television and purchase movies, college courses and cultural and sporting events not offered on conventional television.

Whether Qube, which involved a \$20 million investment by Warner, can develop into a profitable business will probably not be known for another year. If it should succeed, expectations are that other large companies will enter the field, spreading the technology to major cities.

The various Qube installations could be interconnected to form a number of networks by means of domestic satellites.

## Effects of Satellites

The satellites are regarded by experts as the surest instruments of change for the business of television. They not only are altering the methods of distributing television and radio programming, but they are also opening national distribution — the almost exclusive province of the networks — to all comers.

Moreover, they have already met the test of market acceptance. Traffic has steadily been increasing on the two domestic satellite systems — Western Union's Westar and RCA's Satcom. Westar's two satellites can handle between them 24 television transmissions at a time, and Satcom's pair have the capacity for 48 simultaneous transmissions.

Among their regular users are the Public Broadcasting Service; the Mutual Broadcasting System, the Christian Broadcasting Network, the Independent Television News Association, Home Box Office and the Robert Wold Company, an organization that sets up temporary networks and arranges regional transmissions of sporting events.

Foreseeably, in the 80's, the variety of part-time or ad hoc networks fostered by the satellites will loosen the full-time dependency of affiliated stations on those networks.

## Options to Sell Own Ads

Film companies may elect to eliminate the network as middleman and send motion pictures directly to the stations by satellite, after having sold the commercial spots in the films themselves. Advertisers would have the

ability to lease the satellite to send out programs of their own choosing instead of relying on the networks' choices.

According to a number of experts, satellites will make their full impact on commercial television, liberating individual stations from network dominance, when there is a broad proliferation of earth stations — the special receiving antennae for satellites — around the country.

A large earth station, which is a parabolic dish aimed at a specific satellite, cost \$100,000 to build and install a few years ago. But compact six-to-eight-meter dishes are being engineered now at lower cost, and they are described by one expert as "no more than the price of two Cadillacs."

The cost of satellite transmission itself is expected to come down substantially. Charles Jackson, technology specialist on the staff of the House Communications Subcommittee, predicts that in time the expense of distributing a program nationally will be no more than \$100 an hour. The drop in