THE DESIGN AND UTILIZATION OF A SIMULATION GAME FOR PLANNING COMMUNITY CABLE TELEVISION POLICY

Thesis for the Degree of M. A.

MICHIGAN STATE UNIVERSITY
WILLIAM ALBERT ANDERSON

1973

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ABSTRACT

THE DESIGN AND UTILIZATION OF A SIMULATION GAME FOR PLANNING COMMUNITY CABLE TELEVISION POLICY

By

William Albert Anderson

On March 31, 1972, the Federal Communications Commission established new rules for the further growth and development of cable television in the United States. One of the most important new rulings was that cable television franchises could now be granted by communities within the top one hundred television markets. These highly populated areas offer the cable franchise holder a potentially lucrative market.

Since March 1972, local communities have been under intense pressure from cable owners to grant cable television franchises without carefully examining the long range effects of the franchise. Local communities, who stand to be the most affected by the failure of cable to meet its potential, have neither the data nor analysis upon which to base their claims in the cable television decisionmaking process.

One means by which local communities can experience the problems of cable television decisionmaking prior to the actual granting of a franchise is by a learning device known

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as a simulation game. This device is a learning context where the participant responds within the simulation game as if he were in the actual system of interaction being simulated. The interaction is governed by rules similar to the actual system and combines the competitive aspects of gaming with the reality replication of simulation to allow the participant a personal glimpse of how it "feels" to be in the dynamics of the actual system.

A simulation game was systematically designed and field tested for use with those community members interested in developing local cable television policy. The objectives of the game are as follows:

1. Teach participants a systematic process for determining cable television policy in their local community.

2. Make participants aware of some of the options available to their communities on various cable television issues.

3. Give participants a glimpse of how it "feels" to participate in the dynamics of determining cable television decisions.

Participants became citizens of a hypothetical community involved in cable television planning and were confronted with a variety of decisions with multiple options. The goal of the citizens was to create the "best" possible cable policy for the community using group interaction. Participants were given immediate feedback on the consequences of their decisions.

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An evaluation instrument was constructed to assess how well the simulation met its established objectives. In the two field test situations, participants responded positively toward the objectives and the majority stated they felt better equipped to enter "real world" cable decisionmaking.

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By

William Albert Anderson

A THESIS

Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of

MASTER OF ARTS

Department of Television and Radio

1973

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WILLIAM ALBERT ANDERSON
1973

Accepted

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Accepted by the faculty of the Department of Television and Radio, College of Communication Arts, Michigan State University, in partial fulfillment of the requirements for the Master of Arts degree.

Director of Thesis

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ACKNOWLEDGMENTS

Grateful appreciation is made to Dr. Thomas Baldwin who served as the advisor for this thesis. His suggestions and standards are appreciated now more than ever.

Appreciation is also extended to Mr. Russell Sindt for his many contributions of time and material, and to my wife, Sherry, for her help, patience and support in completing this effort.

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CHAPTER I

INTRODUCTION TO THE PROBLEM

Cable television in the United States presently stands at a threshold: a threshold of transformation from a method of improving broadcast television reception to a genuine telecommunications system with profound implications for our entire society. Behind lies some twenty years of operational experience in smaller isolated communities where television signals were either poor or nonexistent. Ahead, because of recent technological advancements and a Federal Communications Commission ruling, lies the harsh reality of formulating local metropolitan cable television policy which will deliver as many of the "potentials" of cable television as are technologically and economically feasible.

This thesis addresses the problem of that threshold and the writer's research into a possible means of assisting metropolican communities in developing effective local cable television policy. Contained in this introductory chapter are:

1. A statement of the problem
2. An explanation of the treatment
3. The design of the treatment

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[1] Walter S.
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1971, p. iii.

The final chapter of this thesis will deal with the feedback and evaluation of the feedback in field test situations of the treatment.

Statement of the Problem

On March 31, 1972, the FCC put into effect its Cable Television Report and Order which ended a six year freeze on the development of cable television systems in major metropolitan areas. "It asserted the FCC's authority to regulate cable development, laid down a number of firm requirements and restrictions, and at the same time permitted considerable latitude to communities in drawing up the terms of their franchises."[1] It expressly encouraged communities to innovate, while reserving the authority to approve or disapprove many of their proposed actions.

Specifically the new regulations for cable systems in the nation's top one hundred television markets require that the systems meet the following minimal provisions:

- Provide at least a twenty (20) channel capacity
- Capacity for two-way cable services that require return signals from the subscriber
- Local programming (cablecasting) if the system has more than 3500 subscribers
- A channel for educational programming
- Public access to a cable channel
- A channel for municipal services
- Channels available for lease to pay TV and other services

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[1] Walter S. Baer, Cable Television: A Handbook for Decision-making (Santa Monica, California: Rand Corporation, 1973), p. iii.

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The multiple system cable television owners (called MSO's), with their many years of cable television experience in smaller communities, have recognized that even with the new FCC regulations, the metropolitan communities offer a potentially lucrative investment and are exerting intense pressure on metropolitan communities to start issuing permits (franchises) to construct cable television systems. Many of these metropolitan communities lack the comprehensive knowledge of a complex cable technology and have begun to issue cable franchises without examining the long range implications of these actions. "Decisions made today will fix the pattern of cable television for the next decades. Yet those who stand to be most affected by the failure of cable to meet its potential have been given neither data nor analysis upon which to base their claims in the cable television decisionmaking process."[2] And, unfortunately, some decisions were made in certain communities which were later regretted.

Therefore, for those municipalities about to enter into discussions on cable television, the writer has identified the following problems as those which should be resolved <u>before</u> the actual decisionmaking begins:

1. The identification of a systematic process for determining local cable television decisions.

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[2]Yale Review of Law and Social Action, <u>The Cable Fable</u> (New Haven, Connecticut: Yale University Press, 1972), p. 193.

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2. A knowledge of cable technology so local decision-makers are aware of the options available to them.

3. A referent situation in negotiating with cable operators in the dynamics of cable policy decision-making.

The introduction of cable television to a municipal setting brings a host of political, social, economic, legal and technological problems along with its many advantages. If the community has mastered the above problems before entering into decisionmaking, that community will more than likely be able to offer its citizens a better quality cable communications system than if it sat back and simply reacted to the requests and proposals of operators. The question of how to provide local communities with these prerequisites is dealt with in the next section of this chapter.

Explanation of the Treatment

One means by which local communities can master the aforementioned knowledges and skills is by a learning device known as simulation gaming. It is an attempt to combine two basically simple ideas:

1. Simulation: simulations are simplified reality--the essence of physical or social systems of interactions. Simulations attempt to replicate essential aspects of reality so that reality may be understood and/or controlled. Reality is replicated to the degree that the simulation designer selects essential elements from reality.

2. Gaming: games are competitive interactions among participants to achieve pre-specified goals. These interactions may feature cooperation within groups, but competition either among individuals or groups distinguishes gaming.

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For local communities about to enter into cable decision-making, a simulation game can, in a very short period of time, provide participants with a low-risk structure of reality for which they must make decisions about particular aspects of local cable policy. Participant decisions are not irrevocable commitments (as in the "real world") and the simulation provides immediate feedback as to the consequences of those decisions. After participating in a properly designed simulation game dealing with the identified prerequisite skills and knowledges, the local community member will have a referent situation of cable decisionmaking and will hopefully be able to apply experiences and behaviors learned in the game to an actual situation.

As a learning device, a simulation game offers some very strong advantages over other alternative methods. These advantages are summarized in Table 1.

After reviewing the problems to be solved and the possible methods of solution, the writer decided to utilize the simulation gaming method. The simulation game provides advantages such as economy of time, adaptability, active learner role, and a higher learner interest over other methods of learning. However, one crucial point must be remembered: the game is only as successful as the designer selects the essential elements, from reality and applies them in a learning context. The final section of this chapter will detail

TABLE 1

A COMPARISON OF FIVE INSTRUCTIONAL MEDIA

	Textbooks	Workbooks	Lectures	Audio-visual presentations	Simulation games

TABLE 1

A COMPARISON OF FIVE INSTRUCTIONAL MEDIA

	Textbooks	Workbooks	Lectures	Audio-visual presentations	Simulation games
Responsiveness:					
Student must respond actively to medium.	No	Yes	No	No	Yes
Medium responds to student.	No	No	?	No	Yes
Variety of Input mode:					
Printed symbols	Yes	Yes	No	Yes	Yes
Pictorial	Yes	Yes	No	Yes	Yes
Spoken language	No	No	Yes	Yes	Yes
Sound effects (not speech)	No	No	No	Yes	No

Source: David Zuckerman, and Robert Horn (eds.), The Guide to Simulation Games for Education and Training (2nd edition, Lexington, Massachusetts: Information Resources, Inc., 1973), p. 7.

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the systematic developmental steps taken by the writer to prepare the first prototype of the simulation game.

Design of the Treatment

Fortunately or unfortunately, depending upon one's point of view, there does not exist a manual on the design of stimulation games. Several authors such as Abt, Boocock, Glazier, Horn, Stoll, Twelker and Zuckerman have contributed valuable research, but most admit there is no one way to design a similation game that will meet each designer's needs. Most of the above authors suggest following a systematic developmental process which includes the development and field testing of a prototype. This writer decided to select the ten step instructional development model designed by Vernon S. Gerlach and Donald P. Ely in their text Teaching and Media, a Systematic Approach.[3] Figure 1 presents their sequential developmental steps. The writer will briefly describe how the model was used to design the simulation game contained in Chapter II of this thesis.

Step 1: Specification of Content

The analysis of the thesis problem determined the parameters of the game content. The problems of lack of knowledge of a systematic process for determining cable decisions, the

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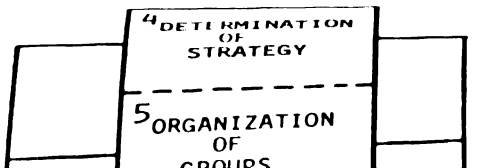
[3]Vernon S. Gerlach, and Donald P. Ely, Teaching and Media, A Systematic Approach (Englewood Cliffs, New Jersey: Prentice Hall, Inc., 1971), p. 13.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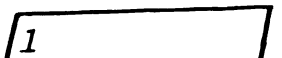
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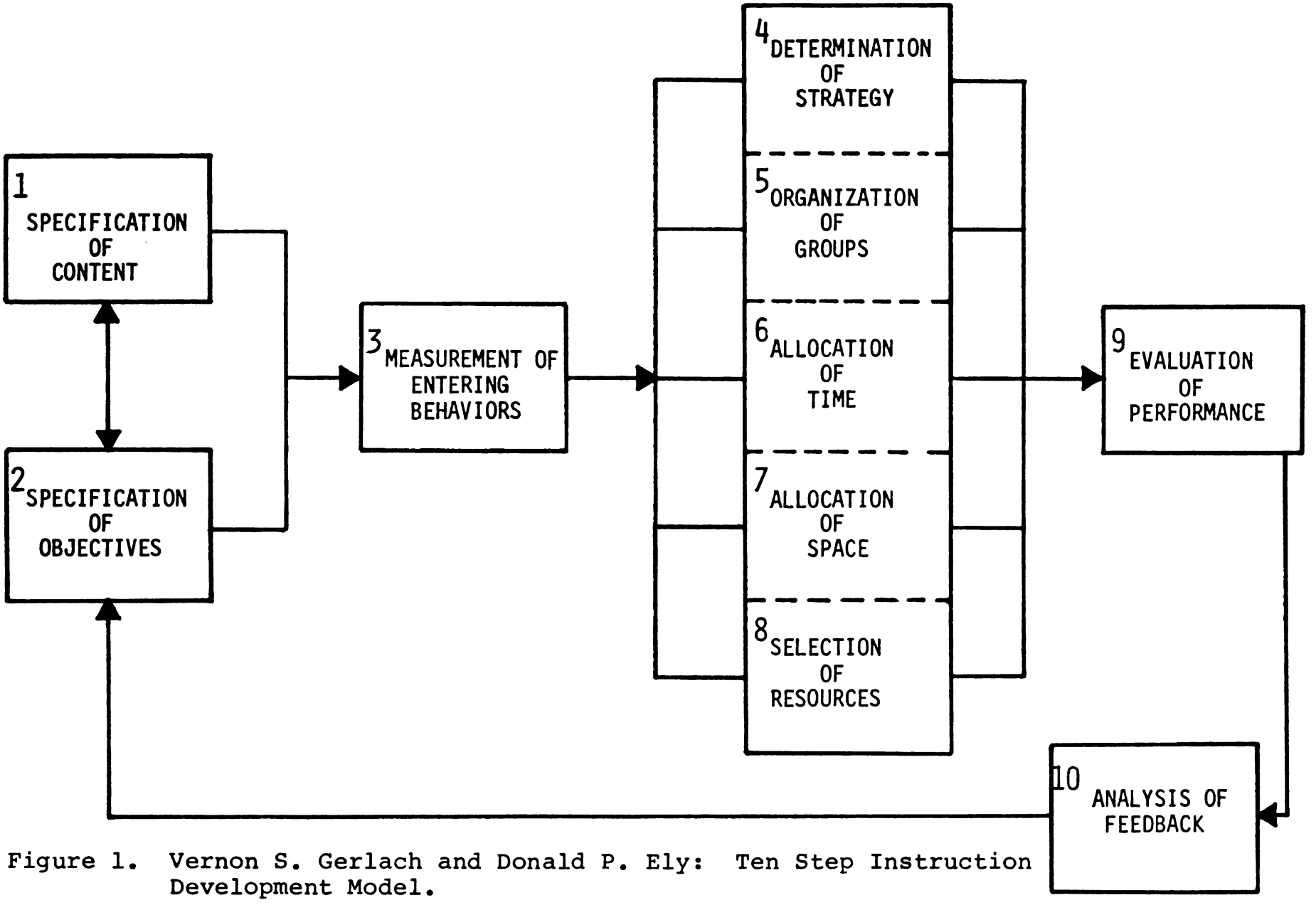

Figure 1. Vernon S. Gerlach and Donald P. Ely: Ten Step Instruction Development Model.

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lack of knowledge of cable technology, and the lack of a referent situation in dealing with cable operators in the dynamics of decisionmaking were identified and subsequently became the specified content area for the simulation game.

Step 2: Specification of Objectives

The content areas specified in Step 1 were translated into the following objectives for the game:

A. The participants will be able to explain a systematic process for determining cable television policy in their local community.

B. The participants will be introduced to some of the options available to their communities on various cable television issues.

C. The participants will be given a glimpse of how it "feels" to participate in the dynamics of determining cable television decisions.

Step 3: Measurement of Entering Behaviors

The measurement of entering behaviors for a simulation game designed for local community members is difficult. From personal observations and discussions with others who have worked with community groups, it was discovered that a wide range of abilities exist with respect to cable television. Most, however, had at least a basic knowledge of what cable was and how it worked, so an arbitrary decision was made to assume that participants in the simulation game would be able to describe to someone else how cable worked and some of the services it could deliver.

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Depending upon the audience, the entry behavior could be controlled to some degree in game situations by providing introductary literature on cable television before the playing sessions.

Step 4: Determination of Strategy

One of the basic tenets in constructing a simulation is to design a selected reality that will replicate as close as possible the actual system being simulated. Because many of the citizens interested in local cable policy will no doubt have a direct or indirect role in the determination of cable policy for their community, it was decided that the closest approximation of that reality was to design a hypothetical municipality and have game participants make cable policy decisions for that community. Participants are given an introduction to important community facts such as population, geographical features, major industries, educational resources, present television service, etc., and are then asked to respond to a number of decision points utilizing the information they are given plus community factors.

The goal of the simulation game is to achieve the "best" possible cable television policy for the community. The decision points are designed to represent actual problems that may occur at various stages of cable development in the community. In general, the simulation game follows the five step procedure suggested by the Cable Television Information

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Center in their publication A Suggested Procedure: An Approach to Local Authorization of Cable Television.[4] Their five steps include an organization phase, a study phase, a legislation phase, an applicant selection phase, and a supervision and enforcement phase to cable decisionmaking.

Another strategy included in the simulation game was to provide participants immediate feedback on the results of their decision. After they had written their decision, they were provided an explanation sheet which gave the "correct" answer and the reasons why.

Step 5: Organization of Groups

One vital element of gaming is the competition among groups. For the writer's simulation game, participants were divided into at least two competing groups. It was decided for efficiency that group size should be no bigger than five members. The groups competed against one another to see who could score the most points; points were awarded for correct decisions on the decision point, correct explanations of the decision, and for group economy in purchasing consultant reports.

Step 6: Allocation of Time

Time was allocated to replicate some of the "real world"

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[4]Cable Television Information Center, A Suggested Procedure: An Approach to Local Authorization of Cable Television (Washington, D. C.: The Urban Institute, 1973), p. 5.

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time constraints of formulating cable television policy. Groups were given specific time limits to arrive at decisions for the various decision points. The purpose was to make the participants aware that they may not have all the time they need in a "real world" situation and to force them to allocate responsibility to best economize the allocated time.

Time was used in another sense in the design of the simulation game. The writer recognized that game participants would more than likely have demands on their time, so the game was designed to be completed within two to three hours. This would allow the game to be used by community groups in an evening or by students in one or two class meetings.

Step 7: Allocation of Space

Space was not an essential variable in the design of the game as long as the groups could be separated enough not to be overheard. The groups should have a table and chairs where they can examine the many inputs given to them on paper.

Step 8: Selection of Resources

In the very early stages of development, the writer obtained numerous references on cable television from a variety of sources. The aim was to analyze the positions taken on cable television by various interest groups such as city officials, minorities, local broadcasters, political activists, etc. A bibliography of those references used is contained at the end of this thesis.

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The writer recognized, however, that these references were incomplete. To find out exactly how cable decisions are made, one must become involved in an actual decision-making process. The writer was fortunate to have a friend who was serving as city attorney for a metropolitan community involved in cable decisionmaking. Through extensive interviews, access to city cable files, and actual observations of community members, the writer was able to obtain a first hand knowledge of how at least one community made its decisions.

The combining of the procedures suggested in the literature with a real-life experience led to the development of the decision points in the writer's simulation game.

Step 9: Evaluation of Performance

At various stages of development, prototypes were tested with students and interested community members. After working through the decision points, participants were asked to evaluate their experiences by completing an opinion questionnaire. Complete evaluation results are contained in Chapter III.

Step 10: Analysis of Feedback

After each of the two major field tests of the game, the results were analyzed and appropriate revisions of the prototype were made. These data are also contained in Chapter III.

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A simulation game can probably always be in a state of revision. As it is used with each new group new ideas can be discovered and built-in to the game design to improve it next time. The Cable Television Planning Exercise, the writer's simulation game shown in Chapter II, should not be considered completed. Over time, as new regulatory developments and technological advances occur, the simulation game will no doubt be revised to provide participants with a "real" situation to assist them in achieving the game's specified objectives.

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CHAPTER II

CABLE TELEVISION PLANNING EXERCISE

Cable Television Planning Exercise

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Sincerely,

Harlan L. Ada
City of Belm

City of
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Dear Citizen:

As you know there has recently been increased interest in the development of cable television service for the residents of the City of Belmont Springs. Several city officials have been approached by representatives of groups from both the public and private sectors. I believe it would be in the best interest of the city if you and other citizens interested in cable television would meet in the very near future to form a plan of action for the orderly development of cable television service for our city. Other city officials will be participating in the process as well, but we are most interested in citizen input.

Cable television, it is my understanding, can provide many new municipal communications functions as well as improve existing broadcast signals. From my discussions with other mayors, I would suggest that our city proceed carefully, for the decisions we make within the next few weeks and months will determine the quality and quantity of cable television service for our fellow residents for years to come.

Please keep me informed of the group's efforts. I will look forward to hearing from you in the future.

Sincerely,

Harlan L. Adams, Mayor
City of Belmont Springs

624 SOUTH CREIGHTON AVENUE
(899) 451-6123

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INSTRUCTIONS TO PARTICIPANTS

Introduction:

Welcome, you are about to participate in an exercise which simulates some of the problems, decisions, and negotiations metropolitan communities must resolve in determining local cable television policy. These actions will be vitally important because cable has evolved from a method for improving rural television reception to a genuine urban communications system with profound implications for our entire society. Because of recently changed Federal Communications Commission rules, most metropolitan areas have yet to construct cable television systems, and there is intense pressure on these cities to start issuing cable franchises without examining the long range implications of these actions. Decisions made today will create the structure for cable television through the 1980's. And unfortunately, because a generally unorganized public has had to work with a well-organized cable television industry, some decisions were made in certain communities which were later regretted.

Purpose of the Exercise:

The Cable Television Planning Exercise is intended to:

1. Teach participants (you) a systematic process for determining cable television policy in your community.

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2. Make participants aware of some of the options available to their communities on various cable television issues.
3. Give participants a glimpse of how it "feels" to participate in the dynamics of determining cable television decisions.

Procedure of the Exercise:

1. Before beginning the exercise, participants will divide into two or more equally-sized groups and take a place at one end of the room so they are away from the other group(s). Groups will be competing against each other, so there should be no discussion between the groups.
2. The exercise will be conducted by a Game Overall Director (G.O.D.), whose responsibility is to begin the exercise, provide groups with necessary materials, answer questions and interpret exercise rules. The decisions of the G.O.D. are final and binding at all times. When in doubt, seek the G.O.D.'s help.
3. Play begins when groups are given Decision Point sheets by the G.O.D. Each sheet has a short scenario which provides background information for the decision. Groups are then asked to analyze the situation with the information they have, arrive at a decision, and

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enter that decision on the sheet. There are time limits on each Decision Point, so groups must operate efficiently.

4. During certain Decision Points, the G.O.D. will provide each group with additional input data which may or may not be applicable to the issues being discussed. Also, groups will have the opportunity to purchase studies, surveys, and reports to assist them in decision-making at various stages in the exercise. Complete procedural details will be provided.
5. The G.O.D. will keep groups informed of the time remaining. At the end of the time allowed for a Decision Point, the G.O.D. will issue Decision Explanation Sheets which have the "right" decision plus an explanation of the decision. This sheet will also explain the points to be entered on the group's scorecard.
6. At the end of each Decision Point there will be a <u>short</u> debriefing session to answer any question that may have arisen during the playing session. After the debriefing, groups will move on to the next Decision Point.

<u>Your Group's Objective in the Exercise</u>:

Your group's objective during the exercise is to make appropriate cable television policy decisions for the City of

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Belmont Springs. The "winning" group will be the one with the most appropriate decisions.

A Word About Simulation:

The Cable Television Planning Exercise is a learning device which is generally referred to as a simulation game. It is an attempt to combine two basically simple ideas:

1. Simulation: simulations are simplified reality--the essence of physical or social systems of interaction. Simulations attempt to replicate essential aspects of reality so that reality may be better understood and/or controlled. Reality is replicated to the degree that the simulation designer selects essential elements from reality.
2. Gaming: games are competitive interactions among participants to achieve pre-specified goals. These interactions may feature cooperation within groups, but competition either among individuals or groups distinguishes gaming.

For local communities about to enter into cable television decision-making, a simulation game immerses participants into a selected low-risk structure of reality and confronts them with problems from the "real world" for which the participants have neither a backlog of experience or knowledge upon which to base their actions. Participant actions are not irrevocable commitments (as in the "real

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In short, the C.T.P.E. is an attempt to give local community groups a glimpse of how the "real world" of cable television decision-making operates ahead of time in hopes that they can transfer experiences and behaviors obtained in the game to their actual situation.

A Word About Decision-making:

The City of Belmont Springs, the city under examination in this exercise is, in fact, an actual metropolitan area somewhere in the United States. This city was selected because it has demonstrated what most agree to be a model approach to decision-making. It is, however, only one community, and some of the specific decisions reached in this exercise may not be directly applicable to other communities.

Unfortunately, there are few concrete "right" answers to many of the issues involved in cable decision-making, and an appropriate decision for one community may be the least desirable alternative for another area.

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COMMUNITY PROFILE

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GENERAL

Belmont Springs is a rapidly developing community of 100,000 population located near the foothills of the Big Range Mountains in the south-central portion of the United States. The city lies in the western section of the greater Norwalk metropolitan area. The total population of Norwalk, Belmont Springs and other surrounding communities is 1,227,529, according to 1970 census figures.

The city's easterly boundary is adjacent to the City of Norwalk and extends as far as 6 miles to the west while her extreme north and south boundaries are 7.5 miles apart. Although the official altitude of the city is 5,100 feet above sea level, within 15 miles of the city the mountains rise to over 10,000 feet.

Belmont Springs enjoys an annual mean temperature of 55 degrees with summer temperatures generally not exceeding the low 90's during the day contrasted with a cool mountain breeze at night lowering temperatures into the 60's and 70's. The annual precipitation is 12.89 inches.

ECONOMIC

The city offers numerous types of economic activity: light industries; retail and service businesses serving the immediate community, and warehouses serving smaller communities in the smaller surrounding areas; education services at all levels, including the James A. Garfield Community College, the state's largest; construction; and a growing tourist and resort industry.

There are approximately 35,000 persons employed in the City of Belmont Springs. The city is a relatively high income area with a high percentage of affluent families. In 1972, 30% of Belmont Springs families had incomes over $15,000 per year, and 55% had incomes over $10,000 per year. Ten per cent of the city's population, mostly urban Chicanos living in city administrative Service Area 1, had incomes of less than $7,000 per year.

GOVERNMENT

Belmont Springs is a fully incorporated city utilizing the City Manager form of government. There are seven councilmen and a mayor, who presides at all council meetings.

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The city has been divided into seven separate administrative Service Areas in an effort to simplify the delivery of municipal services and to be more representative of, and more responsive to, the citizens residing within the city. The activities of all municipal departments and federally funded projects are planned, coordinated and administered through this Service Area system.

The criteria used for establishing these areas were man-made barriers, natural boundaries, neighborhoods, community organizations, and existing agency boundaries. One of the crucial problems in developing these infrastructures is the lack of a local communications medium through which to involve the residents of each particular Service Area in community development programs.

SCHOOLS

Belmont Springs is a part of the nationally renowned Lincoln County school system with two of the district's high schools in the city and three others adjacent to the city serving the students from within the city boundaries. Achievement test scores of the public school students are generally well above national norms.

The city is also the home of the James A. Garfield Community College, one of the state's newest and largest post-secondary institutions serving the greater Lincoln County area. Other colleges are an area supported technical college and two private colleges.

HOSPITALS

There are four medical hospitals in the greater Belmont Springs area. In addition, two community health centers are in operation at strategic locations within the city.

URBAN PROBLEMS

There are many urban problems which must be solved if Belmont Springs is to remain an attractive, prosperous suburban community. A significant portion of the city has been developed within the past ten years. With that rapid growth comes the problem of extending city services equally to all

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Service Areas. At present, the city suffers from a lack of an adequate public transportation system.

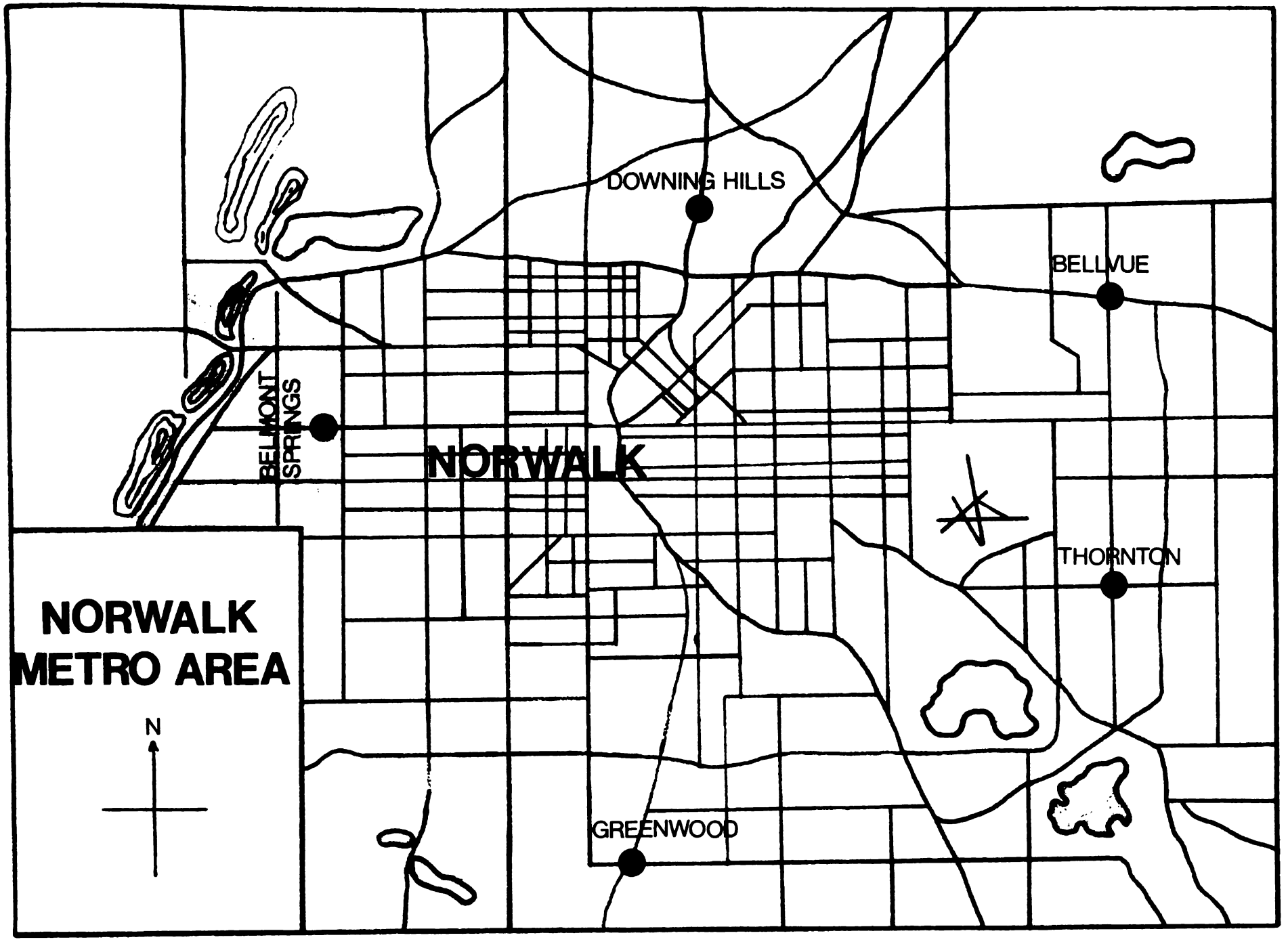
As is true with many metropolitan areas, there is an alarming increase in the rate of drug addiction and drug related crime. Efforts to combat the problem have been initiated, but results have been disappointing.

The city's Chicano population has become increasingly militant over the past few years claiming that the City Planner and other city officials are initiating a conscious effort to drive them from the city. The Chicanos have resided in Service Area 1 for a number of years, and Belmont Springs has grown-up around them.

MISCELLANEOUS

The greater Norwalk area comprises the 35th largest television market in the United States, and is served by three major networks, one independent U.H.F/ channel, and one public broadcasting (educational) channel, all of which originate within the Norwalk city limits.

A significant geographical feature is the foothills of the Big Range Mountains which separate the Chelsea Hills subdivision (Service Area 7) from the rest of the city. Because of this natural barrier, television reception is sevhrely restricted and the residents have long been deprived of the quality and full selection of television service available to the rest of the city.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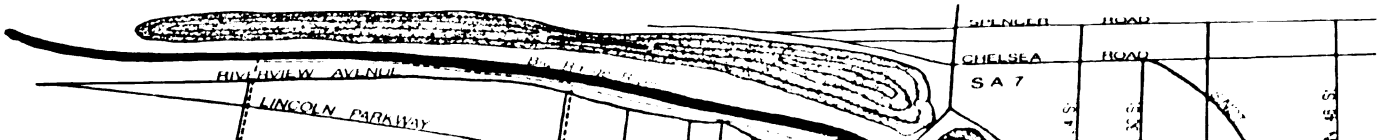
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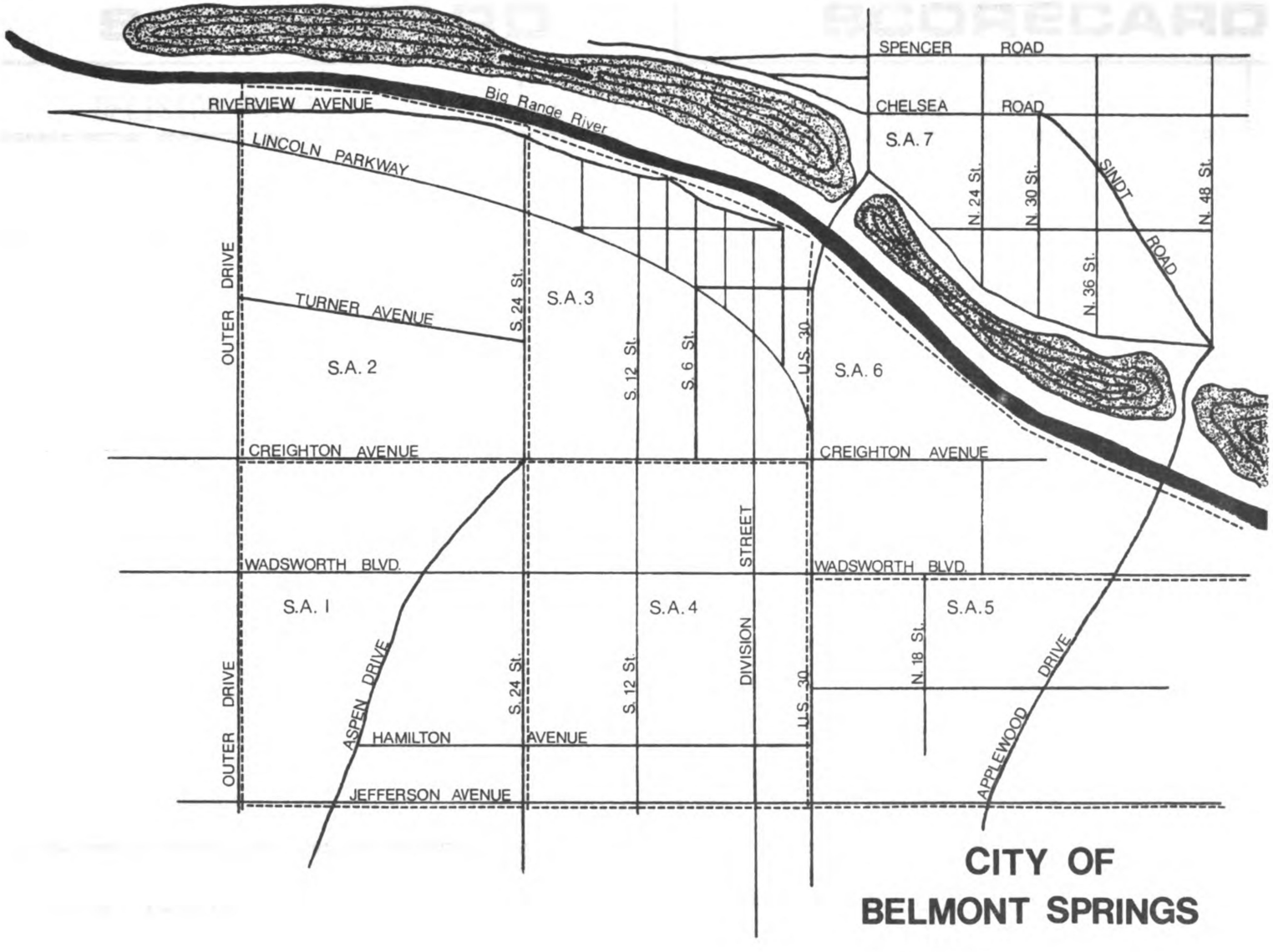
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TEAM INSTRUCTIONS

In order to facilitate your group's activity during the playing sessions, you need to do two things in the next five minutes:

1. Choose a group chairperson.

   This chairperson will be the spokesperson for your group. Other responsibilities include reading Decision Point sheets and organizing discussion.

2. Choose a group recorder.

   The recorder will document all team decisions, perform messenger activities with the G.O.D., and tally points earned on the scorecard.

DO THIS RIGHT NOW!

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DECISION POINT #1

The Situation:

The first meeting of citizens interested in cable television for Belmont Springs is presently taking place. There are eleven people at the meeting and discussion is lively. The task, as identified by Mayor Adams, is to "form a plan for the orderly development of cable television service for our city". So far, five major components in the policy determining process have been identified:

1. Legislation Phase: the city makes and formalizes its decisions about cable television through the drafting and enacting of a city ordinance.
2. Organization Phase: selecting a mechanism to gather information on which to base cable television decisions.
3. Operator Selection Phase: the process of choosing who will operate the cable television system within the city.
4. Supervision Phase: establishing a structure to monitor the performance of the cable operator.
5. Examination Phase: as assessment of community characteristics, economic implications and regulatory options.

The problem now facing the group is deciding in what order to place each of the five components to ensure an orderly process.

The Task:

In your discussion group, decide upon the sequence of phases which would provide Belmont Springs with the most

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orderly development of cable television service. Have the Group Recorder enter the group's decision by writing the proper sequence in the space provided.

The Decision:

Write the name of each phase in the proper sequence:

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When this has been completed, you may request Decision Explanation Sheet #1 from your G.O.D.

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DECISION EXPLANATION SHEET #1

The Decision:

The sequence which would probably provide the most orderly development of cable television service for Belmont Springs is as follows:

1. Organization Phase
2. Examination Phase
3. Legislation Phase
4. Operator Selection Phase
5. Supervision Phase

> If your group had all of the above in the exact sequence, enter _____ points next to Decision Point #1 on your scorecard. Congratulations, you are off to a good start. Read the explanation given below.

> If your group did not have the proper sequence, enter _____ points next to Decision Point #1 on your scorecard. Don't worry, you will have plenty of opportunities to override this decision. Read carefully the explanation given below.

The Explanation:

The sequence given above is similar to models suggested by both the Rand Corporation and the Cable Television Information Center for cable television decisionmaking at the local level. Naturally, before any legislation can take place, city officials must have information upon which to base their decisions. The Organization Phase provides the

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procedures to collect information for the Examination Phase (or study phase). During this phase, community wants, needs and assets relevant to cable television are surveyed and studied as well as an examination of major cable television issues.

Once these two very important steps have been completed, and the information is analyzed by city officials, a Legislation Phase (usually in the form of a city ordinance) takes place. The ordinance creates the structure for cable television for the municipality and directly affects the next phase in the sequence, the Operator Selection Phase. During this phase, depending upon the type of ownership stipulated in the ordinance, those responsible for operating the system must be selected. Once this is completed, the monitoring of the system's performance and the enforcement of local cable legislation is undertaken in the Supervision Phase. Each of these five phases will be examined in greater detail during the course of this exercise.

Mayor Adams was wise to suggest that the city government take the initiative in the development of cable policy, rather than reacting to the proposals of others. The Federal Communications Commission (FCC) has adopted a set of rules which creates general legislation for the further growth and development of cable television, but it has left the most vital decisions up to the local communities. These decisions,

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because they involve the distribution (or redistribution) of economic and political power, toss cable television into the political arena. In dealing with the issues of money and political power that surround cable, some people may claim to represent the 'public interest' while serving their own private interests. This can be as true for those representing noncommercial groups as for businessmen or public officials.

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DECISION POINT #2

The Situation:

At the next meeting of the Belmont Springs City Council, Councilman George Brandt moved that the City financially support a systematic process to bring cable television to Belmont Springs. Earlier Mr. Brandt had reviewed the suggestions of the informal group of residents interested in cable television.

In discussion on the matter, there were different points of view on the best way to implement the five step process. One councilman suggested forming a city government cable committee, composed of the city manager, city attorney, city planner, and the city engineer. Another councilman suggested appointing a delegated citizen group to conduct the process, and still another councilman suggested hiring professional cable consultants to do the work.

The councilman suggesting a city government committee said there would be advantages of economy, professional expertise, familiarity with city procedures, and access to city statistical data. Those opposing this alternative stated they feared the possibility of an "in-house study", subordinating citizen input; also, some councilmen doubted whether the city officials would have the time necessary to conduct the exhaustive process. The problem of citizen suspicion of corrupt practices was also mentioned.

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The councilman supporting a delegated citizen group said that because citizens are to be the major recipients of cable service, they should play an active role in determining the services, rates, etc., they are to receive. Another councilman added that citizen participation could increase community interest in cable, and ultimately increase the success of the system. The opposition stated that a citizen's group, while long on interest, may be short on expertise. A citizen's committee may also have such a divergence of opinions on various issues that no concensus will be reached, thus slowing or jeopardizing cable television service.

Professional cable television consultants offer the advantages of having a wide variety of experiences in complex cable issues in different communities and knowing the best procedures to obtain information and how to translate that information into action policy. Their expertise may provide the city with a better-designed system, and save the city valuable time and money in the process. A councilman opposed to this approach charged that consultants may be too expensive and that they are not familiar with the community.

Someone suggested a compromise of utilizing all three groups, but it was decided that one should be chosen to provide overall guidance in the process, and then possibly utilize the other two at certain stages in the decisionmaking process.

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The Task:

In your discussion group, analyze the positive and negative attributes of each of the three proposed implementing groups: 1. city government cable committee, 2. delegated citizen's group, and 3. cable consultants. Rank the three groups in acceptability; 1 (one) most acceptable to 3 (three) least acceptable. Have the Group Recorder enter the group's decision by ranking the alternatives in the space provided below.

The Decision:

Rank	Implementing Group Name
1	_____
2	_____
3	_____

When this has been completed, you may request Decision Explanation Sheet #2 from your G.O.D.

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DECISION EXPLANATION SHEET #2

The Decision:

The ranking of groups which would probably be the most productive at implementing a cable television decisionmaking process for Belmont Springs is as follows:

Rank	Implementing Group Name
1	Delegated Citizen Group
2	Cable Consultants
3	City Government Cable Committee

> If your group ranked all of the above correctly, enter _____ points next to Decision Point #2 on your scorecard. (Good show!) Read the explanation given below to be sure you did so for the right reasons.

> If your group ranked Number 1 correctly, but inverted Numbers 2 and 3, enter _____ points next to Decision Point #2 on your scorecard. If you had any combination other than those given above, enter __0__ points on the scorecard. Read carefully the explanation of the rankings given below.

The Explanation:

Delegated Citizen Group:

As cable television enters major urban markets, such as Belmont Springs, it now must offer more services than the traditional improvement of television reception for its subscribers. The F.C.C. has ruled that a system to be built in Belmont Springs (a part of the 35th largest television market) must provide:

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3. A two-way capacity
4. And when the system has 3,500 subscribers, local programming "to a significant extent."

These new services could have potentially far-reaching effects on restructuring the social communication process in urban Belmont Springs. And because Belmont Springs citizens will be the ultimate recipients of these new services, they no doubt will and should demand a voice in the decisionmaking process. This means they will keep a watchful eye on the development of any cable system in their city and especially in their neighborhoods. They will press for assurance that the services they want are provided.

Each community must choose how it will best maximize citizen participation (based on its own unique situation), but most of the literature on cable television decision-making suggests delegating decisionmaking to a citizen group. Delegated groups are citizen groups that have been given specific authority by municipal officials to make independent assessments during the planning process, to speak on certain subjects in franchise negotiations, and to monitor the cable system in its construction and operation.

The delegated citizen group may call upon both municipal officials and professional consultants at various stages of their work, but it is they (as recipients) who should plan the services they are to receive. Such citizen participation offers many beneficial results to the city:

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1. Participation by citizens could increase interest in cable television and potentially enlarge the subscriber base.
2. Participation could improve the services offered to the community by cable television.
3. Participation could enable minority groups to voice their needs in the development of cable services.
4. Participation could relieve citizen suspicion of backroom arrangements between city officials and the cable entrepreneur.

The delegated citizen group approach may take longer to reach a concensus of opinion, but the overall strengths outweigh the weaknesses.

Cable Consultants:

Cable television consultants can provide valuable assistance in the cable decisionmaking process for Belmont Springs, but they should not have sole responsibility for administering the entire five step process. Consultants can relate their experiences in other communities and from their study, but it is the local citizens who understand their community best. Basic guidelines can be stated simply: use consultants to provide information, to explore and evaluate alternatives, and to make policy recommendations, but not to make policy decisions. The client city or county cannot transfer its decisionmaking responsibility to the consultant, and it should not try to do so. The client can, however, use consultants' advice and information to arrive at more reasonable decisions.

Professional consultants must be paid for their services, and the fees can be quite high. Average rates run $100 to

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$200 a day plus travel. Local governments often find that their normal budgets have no provision for hiring cable television consultants during the franchising process. One possibility is to insist on a substantial filing fee from each franchise applicant to pay for consultant assistance, but even a fee of several thousand dollars may not cover costs.

City Government Cable Committee:

Of the three alternatives for implementing a cable decisionmaking process, most of the current literature suggests this alternative as the least desirable. Unfortunately, there have been some well-publicized incidents involving the under-the-table payment of money or other favors by potential cable operators to the city officials responsible for the awarding of a cable television franchise. While these incidents may be few, they have cast suspicion on attempts by city officials to make cable decisions without citizen involvement. Again, because it is the citizens who will be the recipients of cable television service, they must have a voice in deciding the services they are to receive.

City officials, because of the expertise they hold in legal, administration, and technical matters, will play a vital role in determining cable television service for Belmont Springs, but they should not have sole responsibility for decisionmaking.

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DECISION POINT #3

The Situation:

After a lengthy debate, the city council took action on Councilman Brandt's motion to fund a systematic process to bring cable television to Belmont Springs. The delegated citizen group approach will be used; the group will be known as the Cable Organizing Group (C.O.G.), and will be composed of seven citizens from all elements of the community. The C.O.G. members approved by the city council are:

1. Ms. Joan Warren--housewife, League of Women Voters member
2. Mr. David Blake--TV Coordinator, Belmont Springs School District
3. Mr. Juan Parral--National Mexican American Anti-Defamation Committee, Inc.
4. Mr. Larry Johnson--businessman, Chamber of Commerce member
5. Mr. Philip Gault--Administrative Assistant, Office of the City Manager
6. Ms. Lillian Lund--Continuing Education Service, Garfield Community College
7. Mr. John Ewing--Training Director, Lincoln County General Hospital

The budget approved by the council was smaller than requested, $2,000 for the remainder of this fiscal year. Of that amount, up to $1,000 may be spent for private consultants, surveys, etc.

> Have the G.O.D. issue your group $1,000 in cash for use during the remainder of the exercise. Your group will have different opportunities to purchase surveys, and consultant's reports for varying prices to assist your group in decisionmaking. Economy counts too; unused funds will give your group bonus points at the end of the exercise.

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C.O.G. has agreed to follow the five step decisionmaking process discussed in Decision Point #1. Now that a group has been established and funded, the C.O.G. has completed the Organization Phase and is now ready to proceed to the Examination Phase.

Certain group members have been writing for and reviewing the literature on cable television while other C.O.G. members have been visiting nearby communities that have completed the cable television decisionmaking process. Ms. Lund suggested that the first action of C.O.G. be to conduct a community survey of Belmont Springs to determine current socio-economic trends in the community, current interest in television in general and cable television services in particular. Ms. Lund and Ms. Warren agreed to design the survey and to train students from G.C.C. to conduct the survey.

> This task has now been completed, the survey taken, and the report written. The overall cost was $300. Pay this amount to the G.O.D. and receive the final report. (Sorry, no choice this time.)

The C.O.G. reviewed the survey report and found it to provide them with valuable information to be used in the further study of cable television for Belmont Springs. Of the wide range of issues to be studied during the Examination Phase, the C.O.G. decided to break into smaller subcommittees to examine four major cable issues first, then turn to some

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of the other issues. The four issues to be examined first are:

1. Cable System Ownership
2. Cable Subscription Fees
3. Cable System Design and Geography
4. Cable Services

The Task:

Your group will now study one of the above issues, cable system ownership, and make a recommendation to the city. Examine the materials on ownership in the Study Packet and the other information you will be given to assist you in your decision. Organize your group any way you wish and proceed to study the issue and arrive at a group decision.

NOTE: Cohen and Associates, professional cable television consultants, can provide you with a report of their findings on cable system ownership for Belmont Springs. The cost of this report is $100. You may pay the G.O.D. the amount and receive the consultant's report.

You have ____ minutes to complete your study and have the Group Recorder fill in the information requested below.

The Decision:

Complete the following:

1. Based upon our examination of the issues pertaining to cable system ownership, the Cable Organizing Group (C.O.G.) recommends that the City of Belmont Springs adopt _____ _____ ownership.

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2. The reasoning for our recommendation is as follows:

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When this has been completed, you may request Decision Explanation Sheet #3 from your G.O.D.

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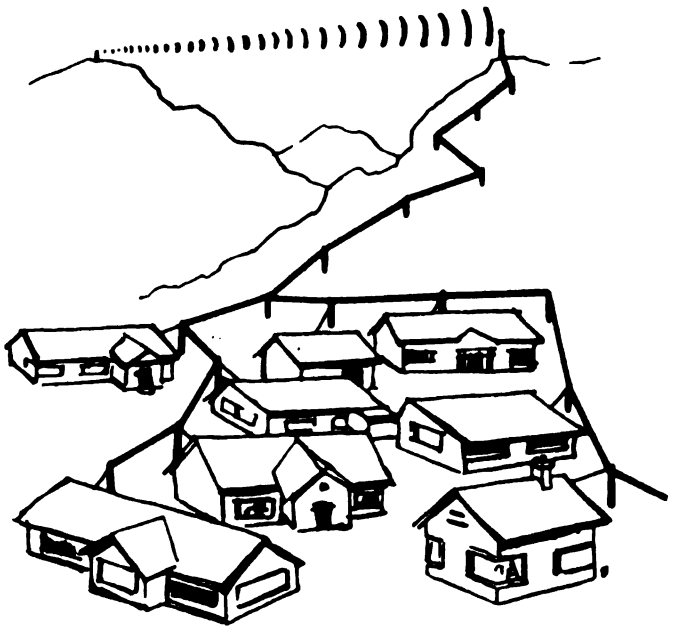
CABLE TELEVISION FOR BELMONT SPRINGS



A COMMUNITY STUDY BY THE
CABLE ORGANIZING GROUP

SECTION I:

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SECTION I: DEMOGRAPHIC CHARACTERISTICS OF BELMONT SPRINGS

1. Length of residence

   - The median length of residence at the same address was 4.5 years. The residence patterns for the sample were very similar to those reported in the 1970 Census. For example, 56 percent of the survey respondents indicated that they had lived at their present residence five years or less, compared with a figure of 61 percent who reported similar residence patterns in the 1970 Census.

2. Sex and marital status

   - The number of males and females in the sample were nearly identical.

   - Over 80 percent of the respondents were married, 10 percent single, and the remaining eight percent were either widowed or divorced.

3. Number of children per household

   - The households surveyed contained an average of 1.4 children, with the distribution being nearly equal between four broad age categories as follows:

Age Group	Mean Number of Children
1-5 years	0.3
6-10 years	0.4
11-15 years	0.3
16-20 years	0.4

4. Age of respondent

   - The median age of 36.6 years among survey respondents was nearly identical to the median age of Belmont Springs residents over the age of 20, as reported in the 1970 Census (36.8 years). One-third of the respondents were in the age range 35-49. Only six percent of the individuals were 65 and older.

5. Level of education

   - The educational level of the present sample was somewhat higher than that reported for Belmont Springs residents

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in the 1970 Census. In the latter instance, 76 percent of the residents had completed four years of high school or more, compared with 86 percent of the survey respondents who had reached that level of educational attainment.

6. Additional Demographic Characteristics

- See Appendix A for a more detailed examination of demographic data.

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SECTION II: SURVEY PROCEDURE

During a one week period 304 adult residents of Belmont Springs were personally interviewed concerning their television habits and preferences. An eight page questionnaire was utilized. All interviews were conducted by Garfield Community College students, trained in the administration of the questionnaire.

Within the city limits of Belmont Springs, 102 residential blocks were randomly selected. Three dwelling units on each sample block were randomly designated, with alternate residences designated in the event of refusals, no one at home, etc. Only adult residents (i.e., age 18 or older) were interviewed. Interviewing was conducted during the evening as well as during the day, in order to insure a nearly equal proportion of men and women.

As interviews were completed, they were coded and keypunched on standard IBM cards. The data were then tabulated and cross-tabulated, utilizing a Control Data 6000 Series computer system at Garfield Community College.

Assuming 24,000 households in Belmont Springs, the sample of 304 households provides an error margin of approximately ± six percent of the 95 percent confidence level (i.e., 95 times in 100 the obtained sample value will deviate from the true population value by no more than six percent). For small subgroups (e.g., age, viewing categories) the margin of error is substantially greater and caution should be exercised in placing undue emphasis on small percentage differences in those instances.

Interpretation of Tables

The analysis of the survey data comprises four sections. Within each section the text is followed by the tabular data on which the analysis is based.

In every table the column headed "Total" contains the percentages pased on all 304 respondents. Where the percentages in a column total to more than 100 percent, multiple answers to a question have been tabulated.

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SECTION III: PRESENT TELEVISION VIEWING HABITS

1. Amount of time spent watching television

   - Respondents were asked to fill in a weekly schedule and indicate the time periods during which they usually watched television. It was found that Belmont Springs residents spent an average of 39.9 hours a week--a full working week equivalent--watching television. The amount of viewing varied markedly by age; 25-Under: no difference from group as whole; 24-34: least amount of viewing time (34.5 hours per week); 65-older: over 50 hours a week. There were no discernible patterns in amount of viewing when analyzed by either education or income.

2. Television time preferences

   - Television viewing peaked in the evenings early in the week and showed a steady decrease from that point on:

Monday evenings:	95%
Saturday evenings:	71%
Afternoon viewing:	43%
Morning viewing:	30%
Saturday morning:	14%

   - Individuals were also queried with regard to the time period at which they would watch television, provided better programming were available. The greatest demand (10 percent) was for better programming between 2:00 and 5:00 p.m. and between 7:00 and 10:00 p.m. Better programming in the latter time period was most vociferously recommended by individuals in the 25-34 age group, while 20 percent of the respondents aged 50-64 stated that they would watch more television between 2:00 and 5:00 p.m., provided suitable programs were available.

3. Program preferences

   - Respondents were asked to list their five favorite television programs. Those programs were then classified by type and the viewers categorized as either moderate, frequent, or fanatic, based upon time spent watching television. Overall, the most frequently mentioned program types were as follows:

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1. Detective dramas	45%
2. News programs	45%
3. Situation comedies	43%
4. Variety shows	31%
5. Sports programs	28%
6. Movies	24%

4. Reaction to television commercials

- Response to television commercials was negative in the majority of cases. Only 10 percent of the respondents reacted favorably to commercials, compared with 52 percent who indicated a dislike for television commercials. That distaste was most pronounced among the "light" viewers, with "moderate" viewers indicating the most tolerance for commercials. Commercials were most acceptable to the youngest individuals and were most distasteful to respondents in the oldest age category.

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SECTION IV: INTEREST IN TYPES OF PROGRAMS POSSIBLE THROUGH CABLE TV

	Total	Amount of Viewing		
		Light	Moderate	Heavy
Local Belmont Springs News				
Very interested	39.8%	42.3%	40.6%	38.6%
Fairly interested	42.8	40.4	45.3	42.1
No interest	15.8	17.3	13.2	16.6
Don't know	1.6	0.0	0.9	2.8
Coverage of City Government Meetings				
Very interested	38.5	48.1	42.5	32.4
Fairly interested	36.8	30.8	36.8	39.2
No interest	24.3	21.2	19.8	28.3
Don't know	0.3	0.0	0.9	0.0
Programs by Local Students, etc.				
Very interested	33.6	30.8	41.5	29.0
Fairly interested	44.7	44.2	42.5	46.2
No interest	19.7	19.2	16.0	22.0
Don't know	1.6	3.8	0.0	2.1
No answer	0.3	1.9	0.0	0.0
Local School Sporting Events				
Very interested	36.2	19.2	42.5	37.2
Fairly interested	37.5	48.1	35.8	35.2
No interest	26.3	32.7	21.7	27.6
Don't know	0.0	0.0	0.0	0.0
Feature Films				
Very interested	39.1	23.1	36.8	46.9
Fairly interested	31.3	34.6	32.1	29.0
No interest	28.6	40.4	30.2	23.4
Don't know	1.0	1.9	0.9	0.7
Local Educational TV				
Very interested	50.0	53.8	56.6	43.4
Fairly interested	25.0	21.2	22.6	28.3
No interest	22.4	25.0	18.9	24.1
Don't know	2.6	0.0	0.9	4.1

continued

SECTION IV--continued

	Total	Amount of Viewing		
		Light	Moderate	Heavy
TV for Pre-School Children				
Very interested	43.8%	42.3%	28.1%	40.7%
Fairly interested	19.4	23.1	17.0	20.0
No interest	34.9	32.7	33.0	37.2
Don't know	2.0	1.9	1.9	2.1
Sports Programs				
Very interested	24.7	15.4	28.3	25.5
Fairly interested	20.4	9.6	21.7	23.4
No interest	53.0	73.1	48.1	49.7
Don't know	1.0	1.9	0.9	0.7
No answer	1.0	0.0	0.9	0.7
Short Films				
Very interested	44.7	51.9	46.2	40.7
Fairly interested	32.9	25.0	31.1	37.2
No interest	22.0	23.1	22.6	21.4
Don't know	0.3	0.0	0.0	0.7
Public Access Channel				
Very interested	29.3	26.9	28.3	30.3
Fairly interested	25.7	21.2	24.5	28.3
No interest	42.4	48.1	45.3	38.6
Don't know	2.6	3.8	1.9	2.8

SECTION V: SUMMARY AND CONCLUSIONS

The survey results concerning present television viewing habits and attitudes towards television programming appear to point to Belmont Springs as an excellent milieu for cable television. A series of findings, when considered concurrently, resulted in that conclusion.

1. Television, for Belmont Springs residents, represents a major form of entertainment. The average Belmont Springs resident spends 40 hours a week watching television, a figure which is 25 percent higher than the national average.

2. Both color television set and FM set penetration is high in Belmont Springs (approximately 70 percent in each instance). In other words, residents have made a substantial investment in those two media and expectations for high quality reception should be rather high.

3. Two out of every 15 television stations received by Belmont Springs residents have either fair or poor reception. Many of those reception problems are related to the independent U.H.F. channel.

4. At least 41 percent of the residents presently encounter some kind of television reception problem, with the occurrence of shadows being most prevalent. One-third of the individuals have attempted to improve reception by purchasing or repairing special types of antennas. However, the survey provided evidence that such corrective action has not been effective in reducing or eliminating those problems.

5. One out of every eight FM set owners report only fair or poor reception of FM signals.

Assuming then that somewhere between 13 and 20 percent of the homes in Belmont Springs have experienced either television or FM reception problems, it would appear that a minimum of 3,000, and a maximum of 5,000, Belmont Springs homes might benefit visibly from the introduction of cable television.

In addition to the present reception problems encountered by Belmont Springs residents, there was a high demand for the

types of programs generally associated with cable television. For example, the following program categories were generally enthusiastically received.

1. Children's programs
2. Television for pre-school children
3. Locally produced educational television
4. Cancelled network programs
5. Travel programs
6. Programs featuring instruction in handicrafts, etc.

Also, three-fourths of all of the respondents showed some interest in such programs as local Belmont Springs news, coverage of city government meetings, and programs produced by, and featuring, local students. A majority of the survey respondents indicated some interest in a public access channel, with 28 percent of all individuals anticipating using it at some time.

APPENDIX A

ITEM	SERVICE AREA 1	2	3	4	5	6	7	Average or Total
1. POPULATION								
A. Households	5,844	4,421	4,758	6,189	5,989	3,825	2,983	34,026
B. Population	19,038	12,547	14,612	19,561	18,424	10,934	8,848	103,964
C. Households per mile	122	109	114	127	120	111	98	114
D. Median Age	42.8	36.6	34.1	40.4	39.2	31.1	32.2	36.6
E. Population over 64 years of age (percent)	9.5	6.7	4.6	6.6	6.1	4.7	5.1	5.9
2. INCOME								
A. Average Family Income	$6,693	$9,417	$9,656	$8,835	$11,287	$13,334	$16,044	$10,609
3. HOUSING								
A. Total Units	5,141	3,776	4,176	5,444	5,132	3,307	2,586	30,102
B. Single-Family Units	2,930	2,152	2,391	3,103	2,925	2,747	1,807	18,055
4. TELEVISION OWNERSHIP								
A. Households with TV Sets	96%	98%	97%	97%	97%	98%	98%	97%
B. Households with Color TV Sets	54%	70%	74%	60%	64%	81%	87%	70%
C. UHF Penetration	75%	68%	70%	76%	81%	72%	31%	67%

System Ownership Study Packet

BACKGROUND INFORMATION

The C.O.G. subcommittee studying the options of cable system ownership must decide whether the cable system in Belmont Springs will follow the standard pattern of being franchised to a private owner or whether another form of ownership would be more beneficial. Other common ownership options include city ownership and ownership by a non-profit organization.

Of the communities near Belmont Springs that have completed cable franchising agreements, three of the four franchises have gone to Mountain Communications Incorporated (M.C.I.), a multiple system owner located in Norwalk. The other franchise was awarded to Monroe Video, an out-of-state multiple system owner. In Bellvue, one of the communities to award its franchise to M.C.I., the Chicano population has asked the F.C.C. to refuse to grant a Certificate of Compliance for the system, claiming their proposal to construct and operate a separate Chicano-owned cable system to serve their portion of the city was never given consideration in the franchisee selection process.

Also, the City of Norwalk is about to release the results of a year long study on cable television for Norwalk. According to the Norwalk Daily News, the study will recommend a municipally owned system for this major metropolitan area.

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In Belmont Springs, there has been a great deal of interest in the issue of cable system ownership. As mentioned earlier, private cable companies have approached city officials attempting to expediate the franchising process. Informal discussions within the C.O.G. reveal that the members are divided on municipal ownership; the representative from the city manager's office states that he does not believe councilmen will be willing to enter the high risk financing of cable television, while others see municipal ownership as a way to lower subscriber rates. The possibility of noncommercial ownership has been proposed, but as of yet, no means of financing the estimated $3,000,000 needed for a noncommercial effort has been arranged.

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ALTERNATIVE: Private Ownership

If the cable television system in Belmont Springs is to be operated by a private owner, it will more than likely be a local company affiliated with a large multiple system owner (M.S.O.). Typically, a cable M.S.O. seeking a community franchise will form a local company to submit its application. Influential local residents will be invited to buy shares in the local company--usually 10 to 20 percent--but the M.S.O. will retain majority control. There are several advantages and disadvantages to having private ownership.

ADVANTAGES

1. Ability to raise capital

M.S.O.'s, because of their size, rate of return on the investment, and experience, are able to obtain large loans from banks and insurance companies to construct large metropolitan cable systems. Financiers find it more profitable to make one large loan rather than several smaller loans, so M.S.O.'s seeking tens of millions of dollars to construct several systems, are looked upon very favorably. Also, no privately owned cable system has ever gone broke.

2. Management Experience

Because most M.S.O.'s operate several systems across the United States, they have the advantage of several years

of cable management experience. The private owner will be able to operate an effective, efficient cable system. Most M.S.O.'s have their own training programs to improve the performance of system management personnel.

3. Research Capability

A private owner affiliated with an M.S.O. will have access to or the ability to do research in the area of new cable services as a means of increasing their potential subscriber base.

4. Programming Resources

A M.S.O. generally has a large television programming library which it has developed from outstanding programs from its other cable operations. Other forms of ownership may not be able to commit equivalent resources for programming.

DISADVANTAGES

1. Profit Seeking

A private owner will construct a cable system to make money. Conflict generally arises as to how much money should go to the operator as profit and how much should stay to further develop the cable system.

2. Cross Ownership

The F.C.C. has banned cable system ownership by broadcast television stations in the same community, by television networks, and by telephone companies in their service areas, but does not prohibit cable ownership by newspapers and radio stations.

3. Local Control

If the cable owner is an M.S.O., there may be a problem of loss of local control; that decisionmaking with regard to local operating policies and public access programming will be made by corporate officers and imposed upon the local community.

ALTERNATIVE: City Ownership

Examples of cable systems owned by the city are few: at the present there are eighteen municipally owned cable systems, most of them in small towns, and many of them established during the early days of cable when municipalities took an active interest in bringing broadcast television reception to their residents. Municipal ownership continues to be of interest in certain smaller towns and cities, but recently it has been increasingly discussed as an ownership alternative in major urban centers.

ADVANTAGES

1. Lower rates

   Because the city can divert excess revenues from the cable system to uses other than profits for an external owner, a portion of the revenues can be used to lower monthly subscription rates. Also, public financing would entail lower interest rates for borrowing of money to construct the system, which would have impact on the level of subscribers' fees and the amounts of money that would be available for support of public uses of the system.

2. No profit skimming

   It must be remembered that privately owned cable systems are operated for a profit. Without proper city

regulation, a private owner may depreciate the cable system for tax purposes over a period of five years, while most new cable systems have a technological life of at least ten years. The private owner can obtain a large profit in this manner without investing new capital to update and rejuvenate the aging system. Under city ownership, however, a portion of the profits could be diverted to keep the system at "the state of the art" and provide the capability to deliver new cable services.

3. Local interest

A city owned system allows direct control of subscriber rates and the types and levels of service to be provided in the interest of its subscribers. Services, such as fire and burglar alarms, meter reading, transportation service schedules, traffic control, community education, and cultural activities could be provided as an extension of existing municipal functions.

DISADVANTAGES

1. Lack of managerial ability

Many of the M.S.O.'s have questioned the city's lack of technical and managerial expertise to run such a public service enterprise correctly, efficiently, or imaginatively. Most cities do not have any existing structure to operate a cable system.

2. Financial venture

Because of the large capital investment required to construct the cable system, the relatively long pay-back period, and the lack of data on the success of a municipal system in large metropolitan areas, the city may be unwilling to incur a debt in the millions of dollars to provide what some consider to be a "luxury" as opposed to other municipal services.

3. Control of communications

When only one franchise is granted to serve a municipality, the owner becomes a monopolist. When the owner is the city, certain questions are raised about possible control of system by the city. It is not unusual for local governments to avoid actions that clearly enhance Black development on the basis of 'reverse discrimination' claims. Civil libertarians also claim that city ownership could bring with it city control of content.

ALTERNATIVE: Noncommercial Ownership

The ownership of a cable television system by a nonprofit group or institution constitutes another possible alternative. The noncommercial applicant would face the same responsibilities of raising capital, constructing and operating the cable system as would a private cable applicant.

> The basic difference between nonprofit and commercial franchises is that the nonprofit franchisee will not be required to return a profit to stockholders. Revenues in excess of operating expenses, amortization, and interest can be funneled into additional community programming and services that provide the quickest return on capital, the nonprofit owner should be more willing to experiment with new technology, to provide services of interested or marginal profitability, and to serve low-income areas where potential subscriber interest may be less certain.[1]

Using the noncommercial group as the basic structure, there are several variants of this form of ownership. One of the most promising forms is a joint venture between profit and non-profit groups. The profit-making arm can generate capital, utilize the market for business services, and run a businesslike organization while the non-profit arm can share in the revenues, and provide varied programming.

ADVANTAGES

1. Local interest

Because the bid for ownership was initiated by a

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[1]Ford Foundation, Comments in Response to Commission's Notice of Proposed Rulemaking, New York (December 7, 1970), p. 12.

locally formed consortium or institution, a high degree of interest in servicing the community could come about. Those managing the system would probably be people who knew community interests and problems.

2. Lower rates

As with city ownership, when the franchisee is a true non-profit group, excess revenues would go back into the system to develop new services and to lower rates to subscribers.

3. Community control

Ownership by a community based group could relieve problems of content control that might be experienced with a private for profit owner or a municipal owner.

DISADVANTAGES

1. Financing

Obtaining capital to construct a cable system under this form of ownership could be a formidable problem. Some noncommercial community groups have been unstable in nature, a factor which long-range investors view with suspicion. Also, return on the investment would be lower than usual; another factor which may discourage private investors. Foundation grants might be available where there is strong leadership for a community-based system,

but foundations are naturally reluctant to make more than a very few such commitments.

2. Managerial ability

Because a community noncommercial owner would not have the resources of a private owner or a municipal owner, it may be very difficult to hire and train competent staff to manage the cable system. There are too many programming and technical problems not to make success difficult for a manager who has to teach himself the whole discipline of electronic communication as he goes along.

3. Operational structure

A community noncommercial group may have problems in establishing an effective administrative structure within the limitations imposed by the city franchise. Minority groups and the poor, in particular, are unlikely to assume that their interests will be well served merely because the franchise holder is a nonprofit instead of a commercial organization.

NORWALK DAILY NEWS

Mr. Arthur Gray, director of community relations for the National Cable Television Association (NCTA) has criticized the findings of a citizen's report on the future of cable television in the City of Norwalk. The report to be published next week, recommends a municipally owned cable system be constructed.

"Municipal ownership of cable television systems may seem attractive to cities which want to save money", stated Mr. Gray, "but it would probably cause more problems than it would solve."

Mr. Gray said the NCTA has launched aggressive public relations campaigns to make local citizens aware of the "many problems inherent in city ownership of cable television systems". If it appeared that Norwalk city officials were considering city ownership, Mr. Gray promised an "active industry effort" to make the public and elected officials aware of the hazards of such ownership.

CONSULTANT REPORT

TO: Belmont Springs Cable Organizing Group

FROM: Cohen and Associates, Communications Consultants

SUBJECT: Cable Ownership Alternatives

You have requested assistance in determining the type of cable system ownership that would best serve the City of Belmont Springs. To this end, Cohen and Associates has conducted extensive investigations of community opinion leaders, reviewed the experiences of other similar communities, and examined relevant research.

Our policy is not to provide our clients with only one definitive conclusion; rather, we provide the results of our investigations to provide our clients with multiple options. Our investigations show:

1. Belmont Springs offers a commercial private cable entrepreneur a very attractive package: a rapidly developing community with a high percentage of affluent families, a significant investment and interest in audio and telecommunications media and a higher than normal percentage of television and FM reception problems (especially the Chelsea Hills area).

2. Municipal ownership of the Belmont Springs' cable television system is another possibility. Our rough estimates show it would take approximately $3,000,000 to construct the cable system if construction began within the next few months. Contacts reveal that some city officials may be reluctant to have the city incur that degree of financial obligation in light of what they consider "more pressing problems". The use of

revenue bonds for construction is another possibility; however, the State Municipal Finances Commission has not issued a decision on whether such bonds can be used for cable television systems. If and when there is such a decision, we would suggest that Belmont Springs look closely to revenue bonds as a possible funding source because of the many tax advantages they offer.

The National Cable Television Association, the commercial industry association, has a history of lobbying against municipal ownership. It has recently begun a "public awareness" campaign in Norwalk, and should Belmont Springs propose such ownership, the N.C.T.A. would no doubt initiate similar tactics. This in itself should not deter a city from adopting municipal ownership, but such opposition may slow or jeopardize the cable decisionmaking process.

3. A strictly noncommercial form or ownership, while offering several advantages, may face obstacles in becoming a viable ownership alternative in Belmont Springs. Sufficient community interest exists, but the chief barrier to such ownership is lack of money. It appears that there is no foundation money or federal support available in the amounts required to construct a cable system for Belmont Springs. Such a group could obtain "seed capital" loans, loan guarantees, subsidized interest payments, or tax-oriented partnerships however.

Questions regarding rates, services, and other policies will arise whether the owner is an M.S.O., municipal government, or noncommercial corporation. Such policy choices are independent of ownership. However, the city should examine closely all alternatives and select the form of ownership which appears to provide a structure most conducive to achieving the local interest, wants, and needs concerning cable television.

DECISION EXPLANATION SHEET #3

The Decision:

According to the information given, private ownership appears to be the most realistic choice for ownership of cable television in Belmont Springs. As runner-up comes municipal ownership with noncommercial ownership the least feasible form.

This decision is worth _____ points. If your selection for ownership was correct, give your team _____ points for the right decision and _____ more points if your reasons were the same as or very similar to the reasons stated below. Read the explanations and mark your scorecard.

If your group selected municipal ownership score _____ points for your decision and up to _____ more points if your reasons follow those given below. If noncommercial ownership was the group selection, enter __0__ points for this decision.

The Explanation:

Ownership is one of the delicate issues for which there is no one correct answer. Private ownership of the cable system in Belmont Springs was selected because it appeared to have the best chance of becoming reality in the near future. The C.O.G. community study revealed Belmont Springs as a very attractive market for cable television: a rapidly developing community with a high percentage of affluent

families, a significant investment and interest in audio and telecommunications media, and a higher than normal percentage of television and FM reception problems (especially in the Chelsea Hills area). The privately owned cable companies were aware of the market and approached the city officials to initiate action on cable policy. These companies offer strong advantages: they generally have the financing available, and they do have the experience and structure to efficiently operate a cable system.

Some of the disadvantages to private ownership can be controlled during the legislation and selection phases. Rules on cross ownership, rates and local control over the operation of the system can be generated to alleviate some of the negative aspects of a privately owned system.

At this point in time, data on the successes of municipal ownership of cable systems in metropolitan areas is very scarce. For that reason city officials have generally been reluctant to commit tax assessments, general obligation bonds, or revenue bonds to finance a very expensive and yet unproven service. There was some indication that this was the case in Belmont Springs. Cable television must also compete for attention with other urban problems, such as drug abuse and transportation. Also, there is no guarantee that city ownership would produce better results: revenues may be used to "bail out" other city services rather than reinvesting them in the cable system.

Municipal ownership, on the other hand, has been suggested by an ever-growing number of cable research groups. Properly structured, financed, and administered, it can provide residents with cable services at rates generally lower than a privately owned system, and there usually is more motivation (because the city is financing it) to seek local involvement in programming and services.

The noncommercial form of ownership appeared to have the least chance of becoming a reality. There was no information given to suggest that there was any institution or consortium of community groups initiating such an effort. Securing the estimated $3,000,000 capital would pose a formidable obstacle to this form of ownership.

It should be noted that the forms of ownership discussed above do not represent all possibilities. Several local communities have creatively combined two of the ownership options to best meet the needs of their community. In doing so, local groups should examine the needs of their community, the resources available, and the form or forms of ownership that can best deliver those needs.

There are several policy choices which are independent of ownership; questions regarding rates, services, and other policies will arise whether the owner is public or private. Local citizens have several opportunities after the form of ownership has been determined to be sure the services they desire in a cable system are present.

DECISION POINT #4

The Situation:

All C.O.G. subcommittees have completed the Examination Phase in the cable decisionmaking process by reporting their findings to the entire group. Your subcommittee reported it found private ownership of the cable system the alternative with the best chance of becoming reality in the near future. All C.O.G. findings are contained in a final study report which was submitted to the Belmont Springs City Council.

That report was accepted and discussed briefly at the last regularly scheduled council meeting. At that time, Councilman Brandt suggested that Mr. Jerry Wald, Belmont Springs City Attorney, and the Cable Organizing Group work together on the Legislation Phase. The C.O.G. and the city attorney will work together to draft a city ordinance for cable television.

The Task:

Your group will now contruct a simplified cable television ordinance for Belmont Springs. The G.O.D. will give you a Constructa-Ordinance Kit which contains various sections of a cable television ordinance. For each section there are two or more alternatives. Your group should choose what you believe to be the best of the alternatives for each section and construct your own ordinance.

NOTE: Cohen and Associates can assist your group in its decisionmaking. A report for a particular section may be obtained for $100 per section. Ask the G.O.D. for the desired report.

The Decision:

For each section of the ordinance, enter the alternative chosen by the group in the space below:

SECTION	ALTERNATIVE
Section I	_____
Section II	_____
Section III	_____
Section IV	_____
Section V	_____
Section VI	_____
Section VII	_____
Section VIII	_____
Section IX	_____
Section X	_____

CONSTRUCTA-ORDINANCE KIT

Introduction

The purpose of a city ordinance for cable television is to develop a law listing the specifications and obligations that will govern the franchising of a local cable television operator. Actual city ordinances of cable television are long, involved legal documents. The Constructa-Ordinance Kit is an attempt to give your group an introduction to dealing with such documents.

The Procedure

1. The city ordinance will be composed of ten (10) sections. For each section there are at least two alternatives.

2. Read the alternatives carefully. Check to be sure they are legal under current F.C.C. cable television regulations (enclosed), and then make your selection by marking the alternative letter on the Decision Sheet. Watch-out for details!

FEDERAL REGULATIONS

Cable Television Service

1972

NOTE

The following pages are excerpts from the Federal Communications Report and Order on Cable Television Service, issued February, 1972. The entire set of rules is some ninety (90) pages long.

The excerpts which follow deal with issues raised in Decision Point #4.

Title 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

[FCC 72-108; Dockets Nos. 18397, 18397-A, 16373, 18416, 18892, and 18894]

CABLE TELEVISION SERVICE; CABLE TELEVISION RELAY SERVICE

I. Introduction

1. In our Notice of proposed rule making and notice of inquiry in Docket 18397, we launched an inquiry into the long-range development of cable television.[9] Our purpose was to explore:

> * * * [H]ow best to obtain, consistent with the public interest standard of the Communications Act, the full benefits of developing communications technology for the public, with particular immediate reference to CATV technology and potential services * * *

Though designed as a vehicle for eliciting comments and data, our notice recognized the variety of possible services that cable systems could offer. We did not attempt an all-inclusive listing of cable's potential uses, but took note of many.[10]

8. The preceding is illustrative of the range of regulatory controversy that has surrounded the cable television industry in recent years. Technological advances have multiplied the issues. At first, cable television systems served largely to provide subscribers with better quality reception and more channels of conventional broadcast television programing. While need for these services continues, increasingly sophisticated cable technology and cost reductions and improvements in the quality of program origination equipment have made possible increased channel capacity, low cost nonbroadcast programing, and a subscriber response capability. The confluence of these developments provides the basis for the next stage in cable television's evolution with which the rules now adopted are concerned. Additional services and further technological developments are under study as part of the industry's more distant future.

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[10] "[F]acsimile reproduction of newspapers, magazines, documents, etc.; electronic mail delivery; merchandising; business concern links to branch offices, primary customers or suppliers; access to computers; e.g., man to computer communications in the nature of inquiry and response (credit checks, airlines reservations, branch banking, etc.), information retrieval (library and other reference material, etc.), and computer to computer communications; the furtherance of various governmental programs on a Federal, State, and municipal level; e.g., employment services and manpower utilization, special communications systems to reach particular neighborhoods or ethnic groups within a community, and for municipal surveillance of public areas for protection against crime, fire detection, control of air pollution and traffic; various educational and training programs; e.g., job and literacy training, preschool programs in the nature of 'Project Headstart,' and to enable professional groups such as doctors to keep abreast of developments in their fields; and the provision of a low cost outlet for political candidates, advertisers, amateur expression (e.g., community or university drama groups) and for other moderately funded organizations or persons desiring access to the community or a particular segment of the community." 15 FCC 2d 417, 420.

II. Television Broadcast Signal Carriage Proposals and Alternatives

Educational Stations

94. The principal concern of noncommercial educational broadcasters with signal importation is not reduction in audience size but possible erosion of local support among cable television subscribers. The rule we are adopting will permit carriage of distant educational stations in the absence of objection from local educational stations or educational television authorities.

95. Educational television interests are concerned about such a rule only to the extent that it might involve them in difficult and expensive process. We recognize the difficulties that educational interests face if forced to spend time and money in protracted litigation before the Commission and will accordingly attempt to settle any questions that may arise through informal procedures. We will give their objections careful consideration, and will endeavor to work out accommodations that serve the public interest. In the absence of objection, however, the widest possible dissemination of educational and public television programing is clearly of public benefit and should not be restricted. The rules require cable systems to carry, on request, all educational stations within 35 miles and those placing a Grade B contour over the cable community. We are continuing to require that local educational stations and local and State educational authorities receive direct notification of proposals by cable television systems to carry educational stations. While all objections will be carefully considered, we do not ordinarily anticipate precluding carriage of State-operated educational stations in the same State as the cable community.

112. The Commission will issue public notices of all applications for certificates of compliance. Cable systems must give direct notice to local franchising authorities, local television stations, the superintendent of schools in the community, and local educational television authorities. Objections to proposed cable service may be made within 30 days after the Commission's public notice. Controversies concerning carriage (Subpart D) and network program exclusivity (§ 76.91) will be acted on in the certificating process if raised within 30 days of the public notice. Such matters may be raised at any time and will be considered under the special relief rules but outside the certificating process. The Commission will not certify new operations for 30 days after public notice and, whether or not objection is filed, a cable system may not commence new service before receipt of a certificate of compliance from the Commission.

III. Access to and Use of Nonbroadcast Channels

117. In its notice of proposed rule making in Docket 18894, the Commission stated that:

> Cable television offers the technological and economic potential of an economy of abundance.[61]

On the basis of the record now assembled, we believe the time has come for cable television to realize some of that potential within a national communications structure. We recognize that in any matter involving future projections, there are necessarily certain imponderables. These access rules constitute not a complete body of detailed regulations but a basic framework within which we may measure cable's technological promise, assess its role in our nationwide scheme of communications, and learn how to adapt its potential for energetic growth to serve the public.

CHANNEL CAPACITY

118. Confronted with the need for more outlets for community expression on the one hand and, on the other, with cable television's capacity to provide an abundance of channels, we asserted in our second further notice of proposed rule making in Docket 18397-A the principle that the Commission "* * * must make an effort to ensure the development of sufficient channel availability on all new CATV systems to serve specific recognized functions."[62]

119. Most cable system operators and many others argue against the proposed establishment of a fixed minimum channel capacity. Some comments in Docket 18894 went further and suggested that the entire matter of channel capacity be left to experimentation.[63] While it is true that many existing cable systems have large channel capacities and seem at least technologically prepared to meet foreseeable demand, there are many systems apparently content to provide only broadcast signal carriage with no plans to expand service capabilities.

120. We envision a future for cable in which the principal services, channel uses, and potential sources of income will be from other than over-the-air signals. We note 40, 50, and 60 channel systems are currently being installed in some communities. The cost difference between building a 12 channel system and a 20 channel system would not appear to be substantial.[64] We urge cable operators and franchising authorities to consider that future demand may significantly exceed current projections, and we put them on notice that it is our intention to insist on the expansion of cable systems to accommodate all reasonable demands. We wish to proceed conservatively, however, to avoid imposing unreasonable economic burdens on cable operators. Accordingly, we will not require a minimum channel capacity in any except the top 100 markets. In these markets, we believe that 20 channel capacity (actual or potential) is the minimum consistent with the public interest. We also require that for each broadcast signal carried, cable systems in these markets provide an additional channel 6 MHz in width suitable for transmission of Class II or Class III signals. This seems a reasonable way to obtain necessary minimum channel capacity and yet gear it to particular community needs. We emphasize that the cable operator cannot accept the broadcast signals that will be made available without also accepting the obligation to provide the nonbroadcast bandwidth and the access services described below. The two are integrally linked in the public interest judgment we have made.

DESIGNATED CHANNELS

121. Broadcast signals are being used as a basic component in the establishment of cable systems, and it is therefore appropriate that the fundamental goals of a national communications structure be furthered by cable—the opening of new outlets for local expression, the promotion of diversity in television programing, the advancement of educational and instructional television, and increased informational services of local governments. Accordingly, cable television systems will have to provide one dedicated, noncommercial public access channel available without charge at all times on a first-come, first-served nondiscriminatory basis and, without charge during a developmental period, one channel for educational use and another channel for local government use. We have already imposed an obligation on systems with 3,500 or more subscribers to originate programing and are now requiring that the origination channels be specifically designated.

122. *Public access channel.* It has long been a Commission objective to foster local service in broadcasting. To this end we have encouraged the growth of UHF television, and have looked to all broadcast stations to provide community-oriented programing. We expect no less of cable. In our July 1, 1970 notice we stated:

> The structure and operation of our system of radio and television broadcasting affects, among other things, the sense of "community" of those within the signal area of the station involved. Recently governmental programs have been directed toward increasing citizen involvement in community affairs. Cable television has the potential to be a vehicle to much needed community expression.[65]

We believe there is increasing need for channels for community expression, and the steps we are taking are designed to serve that need. The public access channel will offer a practical opportunity to participate in community dialogue through a mass medium. A system operator will be obliged to provide only use of the channel without charge, but production cost (aside from live studio presentations not exceeding 5 minutes in length) may be charged to users.

123. *Educational access channel.* It is our intention that local educational authorities have access to one designated channel for instructional programing and other educational purposes. Use of the educational channel will be without charge from the time subscriber service is inaugurated until 5 years after the completion of the cable system's basic trunk line. After this developmental period—designed to encourage innovation in the educational uses of television—we will be in a more informed position to determine in consultation with State and local authorities whether to expand or curtail the free use of channels for such purposes or to continue the developmental period. The potential uses of the educational channel are varied. An important benefit promises to be greater community involvement in school affairs. It is apparent, for instance, that combined with two-way capability, the quality of instructional programing can be greatly enhanced. Similarly, some envision significant advances in the educational field by the linking of computers to cable systems with two-way capability.[*] For the present, we are only requiring that systems provide an educational channel and, as noted below, some return communication capability, and will allow experiments in this field to proceed apace.

124. *Government access channel.* The Government access channel is designed to give maximum latitude for use by local governments. The suggestions for use range across a broad spectrum and it is premature to establish precise requirements. As with the educational channel, use of the Government channel will be free from the time subscriber service is inaugurated until 5 years after the completion of the cable system's basic trunk line, at which time we will consider whether to expand or curtail such free use or to continue the developmental period.

LEASED ACCESS CHANNELS

125. In addition to the designated channels and broadcast channels, cable systems shall make available for leased use the remainder of the required bandwidth and any other available bandwidth (e.g., if a channel carrying broadcast programing is required to be blacked out because of our exclusivity rules or is otherwise not in use, that channel also may be used for leased access purposes). Additionally, to the extent that the public, education, and Government access channels are not being used, these channels may also be used for leased operation. But such operations may only be undertaken on the express condition that they are subject to immediate displacement if there is demand to use the channel for the dedicated purpose.

EXPANSION OF CAPACITY

126. Our basic goal is to encourage cable television use that will lead to constantly expanding channel capacity. Cable systems are therefore required to make additional bandwidth available as the demand arises. There are a number of ways to meet this general objective. Initially, we intend to use the following formula to determine when a new channel must be made operational: whenever all operational channels are in use during 80 percent of the weekdays (Monday-Friday), for 80 percent of the time during any consecutive 3-hour period for 6 weeks running, the system will then have 6 months in which to make a new channel available. This requirement should encourage use of the system with the knowledge that channel space will always be available, and also encourage the cable operator continually to expand and update his system. On at least one of the leased channels part-time users must be given priority. We plan at a later date to institute a proceeding with a view to assuring that our requirement of capacity expansion is not frustrated through rate manipulation or by any other means. This proceeding will also deal with such open questions as rates charged for leased channel operations.

127. We are aware of the possibility that the formula may impose undue burdens on system operations. If it were necessary to rebuild or add extensive new plant, this could not reasonably be expected within a 6-month period. The requirement for activating new capacity within 6 months is based on our understanding that only relatively modest effort is involved in converting existing potential to actual capacity. These considerations, however, point up the necessity for building now with a potential that takes the future into account. Because this part of our program is a relatively uncharted area, we will make it a matter for continuing regulatory concern.

TWO-WAY CAPACITY

128. On review of the comments received and our own engineering estimates, we have decided to require that there be built into cable systems the capacity for return communication on at least a non-voice basis. Such construction is now demonstrably feasible.[*] Two-way communication, even rudimentary in nature, can be useful in a number of ways—for surveys, marketing services, burglar alarm devices, educational feedback, to name a few.

129. We are not now requiring cable systems to install necessary return communication devices at each subscriber terminal. Such a requirement is premature in this early stage of cable's evolution. It will be sufficient for now that each cable system be constructed with the potential of eventually providing return communication without having to engage in time-consuming and costly system rebuilding. This requirement will be met if a new system is constructed either with the necessary auxiliary equipment (amplifiers and passive devices) or with equipment that could easily be altered to provide return service. When offered, activation of the return service must always be at the subscriber's option.

ULATIONS APPLICABLE TO CHANNELS ESENTING NONBROADCAST PROGRAMING

30. We now turn to the question of regulation of access channels pre- ting nonbroadcast programing. We eve that such regulation is properly concern of this Commission. These nnels fulfill Communications Act poses and, in the context of our total gram, are integrally bound up with broadcast signals being carried by le. It is by no means clear that the ving public will be able to distinguish ween a broadcast program and an ac- program; rather, the subscriber simply turn the dial from broadcast access programing, much as he now cts television fare. Moreover, leased nnels will undoubtedly carry inter- nected programing via satellite or in- state terrestrial facilities, matters that clearly within the Commission's ju- iction. Finally, it is this Commission t must make the decisions as to con- ons to be imposed on the operation of cable channels, and we have already en steps in that direction. (See § 76.). Federal regulation is thus clearly ed for.

31. There remains the issue of ether also to permit State or local ulation of these channels where not onsistent with Federal purposes. We nk that in this area a dual form of ulation would be confusing and im- cticable. Our objective of allowing a iod for experimentation might be pardized if, for example, a local en- were to specify more restrictive reg- tions than we have prescribed. Thus, cept for the Government channel, local ulation of access channels is pre- ded. If experience and further pro- edings indicate its need or desirability, can then delineate an appropriate al role.[29]

32. Because of the Federal concern, al entities will not be permitted, ab- t a special showing, to require that annels be assigned for purposes other n those specified above. We stress in that we are entering into an ex- imental or developmental period. us, where the cable operator and nchising authority wish to experiment providing additional channel capac- for such purposes as public, educa- nal, and Government access—on a e basis or at reduced charges—we will certain petitions and consider the ap- priateness of authorizing such experi- nts, to gain further insight and to de future courses of action.[30] In nmunities outside the top 100 markets ere access channels are not required the Commission, we will permit local thorities to require access services, long as they are not in excess of what require for the major markets.

33. The question of what regulations should impose at this time is most ficult. Our judgments on how these cess services will evolve are at best in- tive. We believe that the best course to proceed with only minimal regula- n in order to obtain experience. We phasize, therefore, that the regulatory ttern is interim in nature—that we y alter the program as we gain the cessary insights.

PRODUCTION FACILITIES

142. It is apparent that our goal of creating a low-cost, nondiscriminatory means of access cannot be attained unless members of the public have reasonable production facilities available to them. We expect that many cable systems will have facilities with which to originate programing that will also be available to produce program material for public access. Hopefully, colleges and universities, high schools, recreation departments, churches, unions, and other community groups will have low-cost video-taping equipment for public use. In any event, we are requiring that the cable operator maintain within the franchise area production facilities for use on the public access channel.

143. In this experimental stage, it would be self-defeating to require cable systems to carry access programing and at the same time meet stringent technical standards. Thus, for the present, our technical standards will apply only to Class I channels (those used to distribute broadcast programing—see § 76.5(z) of the rules). We note specifically that the use of half-inch video tape is a growing and hopeful indication that low-cost recording equipment can and will be made available to the public. While such equipment does not now meet our technical standards for broadcasting, there is promise of its improvement and refinement. Further, since it provides and inexpensive means of program production, we see no reason why technical development of this nature should not be encouraged for use on cable systems.

144. Elaborate suggestions have been made for comprehensive community control plans such as neighborhood origination centers and neighborhood councils to oversee access channels. Here again the Commission will encourage experimentation rather than trying to impose a more formal structure at this time.

APPLICABILITY

147. These access rules will be applicable to all new systems that become operational after March 31, 1972 in the top 100 television markets. Currently operating systems in those markets will have 5 years to comply fully with this section. We focus here on the top 100 markets because we have selected these markets as the recipients of certain benefits in order to stimulate cable growth. But, correspondingly, that growth should be accompanied by accesss obligations if the public is to receive the full benefits of this program. Further, cities in the top 100 markets have, as a general rule, more diverse minority groups (ethnic, racial, economic, or age) who are most greatly in need of both an opportunity to express their views and a more efficient method by which they can be apprised of governmental actions and educational opportunities. To the extent that the access requirements pose problems for systems operating in small communities in major markets, such systems are free to meet their obligations through joint building and related programs with cable operators in the larger core areas.

IV. Technical Standards

178. *Franchising.* We are requiring that before a cable system commences operation with broadcast signals, it must obtain a certificate of compliance from the Commission. The application for such a certificate must contain (§ 76.31 (a)(1)) a copy of the franchise and a detailed statement showing that the franchising authority has considered in a public proceeding the system operator's legal, character, financial, technical, and other qualifications, and the adequacy and feasibility of construction arrangements. We expect that franchising authorities will publicly invite applications, that all applications will be placed on public file, that notice of such filings will be given, that where appropriate a public hearing will be held to afford all interested persons an opportunity to testify on the qualifications of the applicants, and that the franchising authority will issue a public report setting forth the basis for its action. Such public participation in the franchising process is necessary to assure that the needs and desires of all segments of the community are carefully considered.

180. *Franchise area.* Another matter uniquely within the competence of local authorities is the delineation of franchise areas. We emphasize that provision must be made for cable service to develop equitably and reasonably in all parts of the community. A plan that would bring cable only to the more affluent parts of a city, ignoring the poorer areas, simply could not stand. No broadcast signals would be authorized under such circumstances. While it is obvious that a franchisee cannot build everywhere at once within a designated franchise area, provision must be made that he develop service reasonably and equitably. There are a variety of ways to divide up communities; the matter is one for local judgment.

181. *Construction.* We are establishing in § 76.31(a)(2) general timetables for construction and operation of systems to insure that franchises do not lie fallow or become the subject of trafficking. Specifically, we are providing that the franchise require the cable system to accomplish significant construction within 1 year after the certificate of compliance is issued, and that thereafter energized trunk cable be extended to a substantial percentage of the franchise area each year, the percentage to be determined by the franchising authority. As a general proposition, we believe that energized trunk cable should be extended to at least 20 percent of the franchise area per year, with the extension to begin within 1 year after the Commission issues its certificate of compliance. But we have not established 20 percent as an inflexible figure, recognizing that local circumstances may vary.[76]

182. *Franchise duration.* We are requiring in § 76.31(a)(3) that franchising authorities place reasonable limits on the duration of franchises. Long terms have generally been found unsatisfactory by State and local regulatory authorities,[77] and are an invitation to obsolescense in light of the momentum of cable technology.[78] We believe that in most cases a franchise should not exceed 15 years and that renewal periods be of reasonable duration. We recognize that decisions of local franchising authorities may vary in particular circumstances. For instance, an applicant's proposal to wire inner-city areas without charge or at reduced rates might call for a longer franchise. On the other hand, we note that there is some support for franchise periods of less than 15 years.[79]

185. *Franchise fee.* While we have decided against adopting a 2 percent limitation on franchise fees, we believe some provision is necessary to insure reasonableness in this respect. First, many local authorities appear to have exacted high franchise fees more for revenue-raising than for regulatory purposes. Most fees are about 5 or 6 percent, but some have been known to run as high as 36 percent. The ultimate effect of any revenue-raising fee is to levy an indirect and regressive tax on cable subscribers. Second, and of great importance to the Commission, high local franchise fees may burden cable television to the extent that it will be unable to carry out its part in our national communications policy.[80] Finally, cable systems are subject to substantial obligations under our new rules and may soon be subject to congressionally-imposed copyright payments. We are seeking to strike a balance that permits the achievement of Federal goals and at the same time allows adequate revenues to defray the costs of local regulation.

186. The Commission imposes an annual fee of 30 cents per subscriber to help finance its own cable regulatory program. Assuming average annual revenues to the cable system of $60 per subscriber, the Commission's fee amounts to one-half of 1 percent of a system's gross receipts. The regulatory program to be carried out by local entities is different in scope and may vary from jurisdiction to jurisdiction. It is our judgment that maximum franchise fees should be between 3 and 5 percent of gross subscriber revenues. But we believe it more appropriate to specify this percentage range as a general standard, for specific local application. When the fee is in excess of 3 percent (including all forms of consideration, such as initial lump sum payments), the franchising authority is required to submit a showing that the specified fee is appropriate in light of the planned local regulatory program, and the franchisee must demonstrate that the fee will not interfere with its ability to meet the obligations imposed by our rules.

PART 76—CABLE TELEVISION SERVICE

Subpart A—General

§ 76.7 Special relief.

(a) Upon petition by a cable television system, an applicant, permittee, or licensee of a television broadcast, translator, or microwave relay station, or by any other interested person, the Commission may waive any provision of the rules relating to cable television systems, impose additional or different requirements, or issue a ruling on a complaint or disputed question.

(b) The petition may be submitted informally, by letter, but shall be accompanied by an affidavit of service on any cable television systems, station licensee, permittee, applicant, or other interested person who may be directly affected if the relief requested in the petition should be granted.

(c) (1) The petition shall state the relief requested and may contain alternative requests. It shall state fully and precisely all pertinent facts and considerations relied on to demonstrate the need for the relief requested and to support a determination that a grant of such relief would serve the public interest. Factual allegations shall be supported by affidavit of a person or persons with actual knowledge of the facts, and exhibits shall be verified by the person who prepares them.

(2) A petition for a ruling on a complaint or disputed question shall set forth all steps taken by the parties to resolve the problem, except where the only relief sought is a clarification or interpretation of the rules.

(d) Interested persons may submit comments or opposition to the petition within thirty (30) days after it has been filed. For good cause shown in the petition, the Commission may, by letter or telegram to known interested persons, specify a shorter time for such submissions. Comments or oppositions shall be served on petitioner and on all persons listed in petitioner's affidavit of service, and shall contain a detained full showing, supported by affidavit, of any facts or considerations relied on.

(e) The petitioner may file a reply to the comments or oppositions within twenty (20) days after their submission, which shall be served on all persons who have filed pleadings and shall also contain a detailed full showing, supported by affidavit, of any additional facts or considerations relied on. For good cause shown, the Commission may specify a shorter time for the filing of reply comments.

(f) The Commission, after consideration of the pleadings, may determine whether the public interest would be served by the grant, in whole or in part, or denial of the request, or may issue a ruling on the complaint or dispute. The Commission may specify other procedures, such as oral argument, evidentiary hearing, or further written submissions directed to particular aspects, as it deems appropriate. In the event that an evidentiary hearing is required, the Commission will determine, on the basis of the pleadings and such other procedures as it may specify, whether temporary relief should be afforded any party pending the hearing and the nature of any such temporary relief.

Subpart C—Federal-State/Local Regulatory Relationships

§ 76.31 Franchise standards.

(a) In order to obtain a certificate of compliance, a proposed or existing cable television system shall have a franchise or other appropriate authorization that contains recitations and provisions consistent with the following requirements:

(1) The franchisee's legal, character, financial, technical, and other qualifications, and the adequacy and feasibility of its construction arrangements, have been approved by the franchising authority as part of a full public proceeding affording due process;

(2) The franchisee shall accomplish significant construction within one (1) year after receiving Commission certification, and shall thereafter equitably and reasonably extend energized trunk cable to a substantial percentage of its franchise area each year, such percentage to be determined by the franchising authority;

(3) The initial franchise period and any renewal franchise period shall be of reasonable duration;

(4) The franchising authority has specified or approved the initial rates which the franchisee charges subscribers for installation of equipment and regular subscriber services. No changes in rates charged to subscribers shall be made except as authorized by the franchising authority after an appropriate public proceeding affording due process;

(5) The franchise shall specify procedures for the investigation and resolution of all complaints regarding the quality of service, equipment malfunctions, and similar matters, and shall require that the franchisee maintain a local business office or agent for these purposes;

(6) Any modifications of the provisions of this section resulting from amendment by the Commission shall be incorporated into the franchise within one (1) year of adoption of the modification, or at the time of franchise renewal, whichever occurs first: *Provided, however*, That, in an application for certificate of compliance, consistency with these requirements shall not be expected of a cable television system that was in operation prior to March 31, 1972, until the end of its current franchise period, or March 31, 1977, whichever occurs first.

(b) The franchise fee shall be reasonable (e.g., in the range of 3–5 percent of the franchisee's gross subscriber revenues per year from cable television operations in the community (including all forms of consideration, such as initial lump sum payments)). If the franchise fee exceeds 3 percent of such revenues, the cable television system shall not receive Commission certification until the reasonableness of the fee is approved by the Commission on showings, by the franchisee, that it will not interfere with the effectuation of Federal regulatory goals in the field of cable television, and, by the franchising authority, that it is appropriate in light of the planned local regulatory program. The provisions of this paragraph shall not be effective with respect to a cable television system that was in operation prior to March 31, 1972, until the end of its current franchise period, or March 31, 1977, whichever occurs first.

Subpart G—Cablecasting

§ 76.201 Origination cablecasting in conjunction with carriage of broadcast signals.

(a) No cable television system having 3,500 or more subscribers shall carry the signal of any television broadcast station unless the system also operates to a significant extent as a local outlet by origination cablecasting and has available facilities for local production and presentation of programs other than automated services. Such origination cablecasting shall be limited to one or more designated channels which may be used for no other purpose.

§ 76.251 Minimum channel capacity; access channels.

(a) No cable television system operating in a community located in whole or in part within a major television market, as defined in § 76.5, shall carry the signal of any television broadcast station unless the system also complies with the following requirements concerning the availability and administration of access channels:

(1) *Minimum channel capacity.* Each such system shall have at least 120 MHz of bandwidth (the equivalent of 20 television broadcast channels) available for immediate or potential use for the totality of cable services to be offered;

(2) *Equivalent amount of bandwidth.* For each Class I cable channel that is utilized, such system shall provide an additional channel, 6 MHz in width, suitable for transmission of Class II or Class III signals (see § 76.5 for cable channel definitions);

(3) *Two-way communications.* Each such system shall maintain a plant having technical capacity for nonvoice return communications;

(4) *Public access channel.* Each such system shall maintain at least one specially designated, noncommercial public access channel available on a first-come, nondiscriminatory basis. The system shall maintain and have available for public use at least the minimal equipment and facilities necessary for the production of programing for such a channel. See also § 76.201;

(5) *Education access channel.* Each such system shall maintain at least one specially designated channel for use by local educational authorities;

(6) *Local government access channel.* Each such system shall maintain at least one specially designated channel for local government uses;

(7) *Leased access channels.* Having satisfied the origination cablecasting requirements of § 76.201, and the requirements of subparagraphs (4), (5), and (6) of this paragraph for specially designated access channels, such system shall offer other portions of its nonbroadcast bandwidth, including unused portions of the specially designated channels, for leased access services. However, these leased channel operations shall be undertaken with the express understanding that they are subject to displacement if there is a demand to use the channels for their specially designated purposes. On at least one of the leased channels, priority shall be given part-time users;

(8) *Expansion of access channel capacity.* Whenever all of the channels described in subparagraphs (4) through (7) of this paragraph are in use during 80 percent of the weekdays (Monday–Friday) for 80 percent of the time during any consecutive 3-hour period for 6 consecutive weeks, such system shall have 6 months in which to make a new channel available for any or all of the above-described purposes;

(9) *Program content control.* Each such system shall exercise no control over program content on any of the channels described in subparagraphs (4) through (7) of this paragraph; however, this limitation shall not prevent it from taking appropriate steps to insure compliance with the operating rules described in subparagraph (11) of this paragraph;

(10) *Assessment of costs.* (i) From the commencement of cable television service in the community of such system until five (5) years after completion of the system's basic trunk line, the channels described in subparagraphs (5) and (6) of this paragraph shall be made available without charge.

(ii) One of the public access channels described in subparagraph (4) of this paragraph shall always be made available without charge, except that production costs may be assessed for live studio presentations exceeding 5 minutes. Such production costs and any fees for use of other public access channels shall be consistent with the goal of affording the public a low-cost means of television access;

(11) *Operating rules.* (i) For the public access channel(s), such system shall establish rules requiring first-come nondiscriminatory access; prohibiting the presentation of: Any advertising material designed to promote the sale of commercial products or services (including advertising by or on behalf of candidates for public office); lottery information; and obscene or indecent matter (modeled after the prohibitions in §§ 76.213 and 76.215, respectively); and permitting public inspection of a complete record of the names and addresses of all persons or groups requesting access time. Such a record shall be retained for a period of 2 years.

(ii) For the educational access channel(s), such system shall estabish rules prohibiting the presentation of: Any advertising material designed to promote the sale of commercial products or services (including advertising by or on behalf of candidates for public office); lottery information; and obscene or indecent matter (modeled after the prohibitions in §§ 76.213 and 76.215, respectively) and permitting public inspection of a complete record of the names and addresses of all persons or groups requesting access time. Such a record shall be retained for a period of 2 years.

(iii) For the leased channel(s), such system shall establish rules requiring first-come, nondiscriminatory access; prohibiting the presentation of lottery information and obscene or indecent matter (modeled after the prohibitions in §§ 76.213 and 76.215, respectively); requiring sponsorship identification (see § 76.221); specifying an appropriate rate schedule and permitting public inspection of a complete record of the names and addresses of all persons or groups requesting time. Such a record shall be retained for a period of 2 years.

(iv) The operating rules governing public access, educational, and leased channels shall be filed with the Commission within 90 days after a system first activates any such channels, and shall be available for public inspection at the system's offices. Except on specific authorization, or with respect to the operation of the local government access channel, no local entity shall prescribe any other rules concerning the number or manner of operation of access channels; however, franchise specifications concerning the number of such channels for systems in operation prior to March 31, 1972, shall continue in effect.

(b) No cable television system located outside of all major television markets shall enter into any contract, arrangement, or lease for use of its cablecasting facilities which prevents or inhibits the use of such facilities for a substantial portion of time (including the time period 6–11 p.m.) for local programing designed to inform the public on controversial issues of public importance.

PART 78—CABLE TELEVISION RELAY SERVICE

Subpart B—Applications and Licenses

§ 78.11 Permissible service.

(a) Cable television relay stations are authorized to relay television broadcast and related audio signals, the signals of standard and FM broadcast stations, signals of instructional television fixed stations, and cablecasting intended for use solely by one or more cable television systems. LDS stations are authorized to relay television broadcast and related audio signals, the signals of standard and FM broadcast stations, signals of instructional television fixed stations, cablecasting, and such other communications as may be authorized by the Commission. Relaying includes retransmission of signals by intermediate relay stations in the system. CAR licensees may interconnect their facilities with those of other CAR or common carrier licensees, and may also retransmit the signals of such CAR or common carrier stations, provided that the program material retransmitted meets the requirements of this paragraph.

Title 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

[Docket No. 18397 etc.; FCC 72-530]

PART 1—PRACTICE AND PROCEDURE
PART 76—CABLE TELEVISION SERVICE

Reconsideration of Report and Order

ACCESS TO AND USE OF NONBROADCAST CHANNELS

75. *Smaller market minimum channel capacity.* Publi-Cable, Inc. suggests that we complement the minimum channel capacity rules with a requirement that new systems in smaller markets have a minimum of 12 channels and that existing systems in these markets have 5 years (or until the renewal of their franchises, whichever occure first) to attain a 12-channel capacity.

79. We do not find these arguments persuasive. In our rules dealing with channel capacity, our goal was to insure that cable systems in major markets would not underbuild. "We urge[d] cable operators and franchising authorities to consider that future demand may significantly exceed current projections, and we put them on notice that it is our intention to insist on the expansion of cable systems to accommodate all reasonable demands." [28] We believe this consideration to be controlling and find it difficult to believe that cable operators will not carry all the broadcast signals available to them.

80. *Number of designated access channels.* Publi-Cable, Inc., the National Association of Educational Broadcasters (NAEB), and the National Education Association (NEA) have questioned what they regard as an unduly severe limitation on the number of designated access channels to be provided by cable systems pursuant to § 76.251(a) (4), (5), and (6) of the rules. They argue, particularly with respect to educational channels, that the potential for use far exceeds the limit of one channel. NEA has suggested, once more, that a minimum of 20 percent of system capacity be set aside for educational use.

81. It should be noted at the outset that, while one educational access channel is the minimum required, we specifically provide in § 76.251(a)(8) for adding more access channels should the need for such channels be adequately demonstrated. Thus we envision an orderly growth of access channels, linked to demand.[29] In addition, in the Cable Television Report and Order we stated that after a developmental period (to begin from the commencement of service until 5 years after completion of the basic trunk line) "designed to encourage innovation in the educational uses of television—we will be in a more informed position to determine in consultation with State and local authorities whether to expand or curtail the free use of channels for such purposes or to continue the developmental period." [30] Clearly, as we have stated, this is an area which we will

revisit. But without the further knowledge which can be gained only from allowing cable systems to experiment within our initial framework, we are not inclined to add extra burdens to the access requirements. Finally, we are in no way restricting arrangements between the local entity and the cable operator to provide specified numbers of channels for educational purposes on a paid basis. Such arrangements constitute the very type of new service which cable can and should provide. Further, we will entertain petitions from the franchising authority and the cable system when they wish to experiment with additional designated channels on a free basis or at reduced rates.

FEDERAL-STATE/LOCAL RELATIONSHIPS

110. *Multiple franchising.* Publi-Cable, Inc., urges the Commission to adopt more comprehensive rules encouraging multiple franchise arrangements for large cities and promoting more citizen participation. As we noted in the Cable Television Report and Order, we are looking forward to a period of experimentation in the development of cable television. While Publi-Cable's comments on the desirability of multiple franchising and citizen participation are valuable and hopefully will be implemented in various localities, it would be premature at this time to institute specific comprehensive rules of this nature. We are attempting to give great latitude to local entities to experiment with the various regulatory and franchising modes for cable television. We do not wish to hamper that flexibility any more than is necessary.

111. *Franchise duration.* Publi-Cable also argues that franchises should be limited to 10 years, with renewal periods not to exceed 3 years. In § 76.31(a)(3) of our rules, we required only that initial franchise periods and renewals be of "reasonable duration." We noted in the report and order, however, our general belief that a franchise period should not exceed 15 years. While there may be situations where a 15-year franchise period is inappropriate, it appears to be a reasonable point of departure. Because our requirement of "reasonable duration" seems to have confused some parties, we have decided that our rules should more directly reflect the statements made in the report and have therefore now set 15 years as the standard to be followed (See revised § 76.31(a)(3)). If good cause can be shown in a particular instance for some other franchise period, we will of course entertain such a documented showing in a petition for special relief.

114. *Interconnection of franchise areas.* The National Association of Educational Broadcasters is concerned with how cable is to develop to assure the interconnection of franchise areas (regionally or statewide) and the adequate planning of equitable service expansion from urban to rural areas. Petitioner argues that local officials may not be able to meet such a challenge for compatible development and interconnection across political boundaries. Again, we feel that it would be premature to codify such rules as the petitioner suggests. However, we do agree with the NAEB that such guidelines should be identified as a priority problem for the Cable Television Advisory Committee on Federal-State/local relationships.

Section I: Term of Franchise (Alternative A)

Any franchise issued pursuant to this ordinance shall be a non-exclusive franchise for a term of years not to exceed five (5) years, as the Council may approve and shall be issued in the form to be determined by the Council.

Section I: Term of Franchise (Alternative B)

No franchise granted hereunder, nor any renewal thereof, shall be for a term of more than fifteen (15) years. A renewal may be granted not more than two (2) years prior to the expiration of any existing term.

Section I: Term of Franchise (Alternative C)

The franchise to be granted by the City of Belmont Springs pursuant to this Act shall grant to the Franchisee the right, privilege and franchise to construct, operate and maintain a cable television system in the streets and roads of Belmont Springs for a period of ten (10) years from and after the grant and acceptance date of the franchise to be awarded subject to the conditions and restrictions as hereinafter provided.

Section II: Selection of Franchisee (Alternative A)

The application for such a franchise to install, construct, maintain or operate a cable television system in the City of Belmont Springs shall be made in writing to the Council. Such an application shall include as much detailed information as possible to assist the Council in selecting the best possible franchisee.

Section II: Selection of Franchisee (Alternative B)

In selecting a franchisee pursuant to this ordinance, the City shall prepare a Request for Proposal (RFP) to seek bids for a cable television system to be established by the City. This RFP will contain a map of the territory to be served, a statement of the applicant's legal, financial and technical qualifications, and a detailed listing of cable programming and services to be provided. The RFP will also contain instruction for filing proposals and the criteria to be used in evaluating proposals.

Section III: Franchise Fees (Alternative B)

The franchisee shall pay to the City of Belmont Springs for each calendar year or fraction thereof during the term of this franchise, three (3%) percent of the gross annual receipts from operation of the proposed service; provided, that every such annual payment shall not be less than three thousand dollars ($3,000).

Section III: Franchise Fees (Alternative A)

During the term of any franchise granted pursuant to this ordinance, the franchisee shall pay to the City for the use of its streets, public places, and other facilities, as well as the maintenance, improvements, and supervision thereof, an annual franchise fee in the amount of six (6%) percent of the annual Local Gross Revenues received by it from operations conducted within the City.

Section IV: Franchise Fee Disbursement (Alternative A)

All franchise fees collected pursuant to Section III of this ordinance shall be retained by the City and placed in the City's general fund to cover the overhead incurred by the City in the administration of this ordinance.

Section IV: Franchise Fee Disbursement (Alternative B)

The City shall disburse eighty (80%) percent of the revenues from franchisees to the Cable Commission (established under Section X) for the development of the public channels. The City shall retain twenty (20%) percent of the revenues from franchisees in the City's general fund to cover City overhead expenses incurred in respect to administration of this ordinance or any franchises granted pursuant thereto.

Section V: Interconnection (Alternative A)

The franchisee must interconnect its cable television system with all other contiguous cable systems, and must interconnect with other cable systems in the greater Norwalk metropolitan area in such a way that subscribers can receive the channels of all interconnected systems at any time.

Section V: Interconnection (Alternative B)

The franchisee will be required to interconnect its cable television system with any other system operating in an adjacent territory. Such interconnection shall be made within sixty (60) days of a request made by the City. For good cause shown, the franchisee may request reasonable extensions of time to comply with the requirements.

Section VI: Number of Channels (Alternative A)

The franchisee's distribution system shall initially be capable of carrying at least forty (40) channels of television breadth, on a dual trunk and single-feeder construction. The system shall also provide simultaneous reverse direction signal capability for digital, audio, and video signal transmission.

Section VI: Number of Channels (Alternative B)

The cable television system to be installed by the franchisee shall initially be capable of carrying at least twenty (20) channels of television breadth on a single cable construction. Said system must also provide two-way response capability.

Section VII: Public Service Installations (Alternative A)

The franchisee shall, without charge for installation, maintenance, material, or service, install its cable television service outlets at all fire and police stations, all classrooms in public and private schools within the City, including the Garfield Community College and the area vocational technical college; make installations to the City Hall, all public buildings, and all public libraries. No monthly service charges shall be made for distribution of the franchisee's signals within such facilities.

Section VII: Public Service Installations (Alternative B)

It shall be the responsibility of the franchisee to make single installations of its standard cable television service to public and private schools within the franchise area, including Garfield Community College and the area vocational technical college. Single installations shall also be made at all fire and police stations, the City Hall, public buildings, and all public libraries. Such installations shall be made at such reasonable locations as shall be requested by the respective units of government or educational installations. No monthly service charges shall be made for distribution of the franchisee's signals within such facilities.

Section VIII: Rates of Subscribers (Alternative B)

The franchisee shall not, in its rates or charges, make or grant preference or advantages to any subscriber or potential subscriber to the cable television system, and shall not subject any such persons to any prejudice or disadvantage.

Section VIII: Rates to Subscribers (Alternative A)

The franchisee shall submit a full listing of subscriber and user service rates to the City for approval. Such listing shall include connection charges and monthly rates for single and multiple dwelling subscribers, hotels and motels, and rates for special classes of users to include senior citizens and welfare recipient subscribers.

Section IX: Censorship (Alternative A)

It shall be the responsibility of the franchisee to meet all existing F.C.C. regulations pertaining to censorship and additionally determine if material cablecast over the cable system meets local standards for obscenity, whether programs are fraudulent, defamatory, or otherwise illegal.

Section IX: Censorship (Alternative B)

The franchisee shall comply with existing F.C.C. regulations pursuant to obscenity, lotteries and advertising over public channels, but is otherwise prohibited from censoring any program cablecast over public channels.

Section X: Regulatory Body (Alternative A)

A separate agency or regulatory body shall be established by the City to oversee the operation of the franchisee. The agency shall be composed of members appointed by the Council who reside within the franchise area.

Section X: Regulatory Body (Alternative B)

The City of Belmont Springs Council shall appoint five residents to serve as members of a regulatory body to: 1. monitor compliance of franchisee with ordinance provisions, 2. plan future uses of cable television services, 3. review franchisee's records, 4. make recommendations on the rate structure, 5. stimulate the use of public channels, and in general, oversee cable operations to protect the interest of the City.

CONSULTANT REPORT

TO: Belmont Springs Cable Organizing Group

FROM: Cohen and Associates, Communications Consultants

SUBJECT: Term of Franchise

Our examination of other cable systems reveals that similar systems begin to make a profit at about the seventh year of operation. This is an important factor in determining what constitutes a fair rate of return on the operator's investment.

CONSULTANT REPORT

TO: Belmont Springs Cable Organizing Group

FROM: Cohen and Associates, Communications Consultants

SUBJECT: Selection of Franchisee

From our examination of existing cable television ordinances, we found the better ordinances included a selection of franchisee process that afforded due process and established a specific procedure for the evaluating of applicant's proposals.

CONSULTANT REPORT

TO: Belmont Springs Cable Organizing Group
FROM: Cohen and Associates, Communications Consultants
SUBJECT: Franchise Fees

In its 1972 Cable Television Service rules, the Federal Communications Commission established limits on the franchise fees that the operator may pay the city. The F.C.C. suggested 3% of the operator's gross annual receipts as an equitable amount. The F.C.C. also said that any community desiring a higher percentage must justify its claim in a special hearing; but even then, the Commission is reluctant to grant a franchise fee of over 5%.

CONSULTANT REPORT

TO: Belmont Springs Cable Organizing Group
FROM: Cohen and Associates, Communications Consultants
SUBJECT: Franchise Fee Disbursement

Our review of recent cable television ordinances in communities similar to the size of Belmont Springs reveals that even a minimal 3% franchise fee more than covers the cost incurred by the city in the administration of the cable television ordinance.

The question then becomes does the balance go into a general city fund or should it go to further develop the cable system? Those communities employing the latter approach have found the results most encouraging.

CONSULTANT REPORT

TO: Belmont Springs Cable Organizing Group
FROM: Cohen and Associates, Communications Consultants
SUBJECT: Interconnection

There are or will be other cable television systems operating adjacent to or in the immediate area of Belmont Springs. Because school and other administrative districts overlap, there may be some advantages to have the cable system in Belmont Springs interconnect with other systems.

Requiring the operator to provide all public channels of other systems creates a technically and economically difficult situation. It may be better to require the operator interconnect with adjacent systems and to be able to receive at least one channel of another system.

CONSULTANT REPORT

TO: Belmont Springs Cable Organizing Group
FROM: Cohen and Associates, Communications Consultants
SUBJECT: Number of Channels

Because the franchise creates the structure for cable television service for the next few years, planners must take into consideration not only initial cable services but also those services that may appear years down the road.

The F.C.C. has set a minimum number of channels (20) for systems the size of Belmont Springs. At the present time, over the air broadcast channels account for seven. When one adds the non-broadcast channels required by the F.C.C. and those services to be proposed by prospective operators, there is no problem with utilizing twenty channels.

CONSULTANT REPORT

TO: Belmont Springs Cable Organizing Group

FROM: Cohen and Associates, Communications Consultants

SUBJECT: Public Service Installations

In determining public service installations, decision-makers must identify those institutions that can use the services offered by cable. Caution must be exercised because too many "free" installations may place a heavy financial burden on the cable operator and cause him to raise rates to subscribers or some other counter-productive measure.

CONSULTANT REPORT

TO: Belmont Springs Cable Organizing Group

FROM: Cohen and Associates, Communications Consultants

SUBJECT: Rates to Subscribers

While the F.C.C. does not encourage such practices, our studies show that there is interest from Belmont Springs citizens to create a sliding rate scale offering lower rates to those on limited incomes.

If such a scale is to be created, the City would have to seek approval from the F.C.C.

CONSULTANT REPORT

TO: Belmong Springs Cable Organizing Group

FROM: Cohen and Associates, Communications Consultants

SUBJECT: Censorship

This is one of the most controversial and confusing issues facing cable operators and local communities. The F.C.C.'s rules are vague and confusing, and the new decisions of the Supreme Court create all new problems. There will probably be a test case at some time in the near future.

Until that time we suggest following the F.C.C. rules.

CONSULTANT REPORT

TO: Belmont Springs Cable Organizing Group

FROM: Cohen and Associates, Communications Consultants

SUBJECT:

We suggest the creation of a local cable regulatory body with specific duties stated in the ordinance.

DECISION EXPLANATION SHEET #4

The Decision:

The cable television ordinance for Belmont Springs should read as follows:

Section I:	C
Section II:	B
Section III:	B
Section IV:	B
Section V:	B
Section VI:	A
Section VII:	B
Section VIII:	A
Section IX:	B
Section X:	B

This decision is worth a total of _____ points, _____ point(s) for each section. Have the Group Recorder enter the number of correct decisions on your scorecard.

The Explanation:

Section I: Term of Franchise

Most of the literature suggests ten years as the appropriate length for a cable television franchise. The F.C.C. has set a maximum limit of fifteen years, but economic analysis show that systems begin to make a profit about the seventh year of operation, all other variables in balance. Ten years allows the operator a reasonable return on the investment; five years for a metropolitan cable system is probably not long enough to allow such a return.

Section II: Selection of Franchisee

Alternative B provides a more explicit procedure for selecting a franchisee; many of the ambiguities of A are explained in greater detail allowing applicants to react to the city's requests rather than the city reacting to the proposals of others.

Section III: Franchise Fees

The Federal Communications Commission has established the maximum franchise fee to be levied by cities at 5%. This prevents the past practice of operators offering unusually high franchise fees to the city to gain the franchise. The F.C.C. believes the 3-5% range should more than cover the costs incurred by the city.

Section IV: Franchise Fee Disbursement

The utilization of franchise fees by the City should not be viewed as a way to fill the City coffers. Most literature suggests that only the actual costs of administering the cable ordinance should be deducted from the franchise fees collected by the City. The remainder should be reinvested in the cable system to help develop new programming services.

Section V: Interconnection

In major metropolitan areas, there may be several different operators serving adjacent communities. To provide a metro-wide communications system, it is generally desirable to have adjacent systems interconnect, for school districts and other activities sometimes overlap. Most metro cable

systems are requiring operators to interconnect with adjacent systems and encourage operators to go beyond adjacent systems.

Section VI: Number of Channels

Alternative A would probably come much closer to fulfilling the cable television needs of Belmont Springs. The F.C.C. has stated that all major market systems have at least a 20 channel and two-way capacity. Because of the interest in cable in Belmont Springs, and the number of off-air signals available, it would appear that forty channels would be much more appropriate.

Section VII: Public Service Installations

Forcing the operator to wire every school classroom in a metro area would be placing a very heavy financial burden on the system. Too many "free" installations can cause a reduction in revenue which would force either less cable services or higher subscription rates. It is customary, however, to provide at least one drop to schools, libraries, and city buildings.

Section VIII: Rates to Subscribers

It may be in the "public interest" to establish a rate system which accurately reflects subscribers' ability to pay. The cable monthly charge is usually a flat fee, making it regressive for groups such as senior citizens, handicapped, and low-income residents. Some adjustment in the rate structure may extend a valuable service to additional residents who otherwise might not be able to subscribe.

Section IX: Censorship

The issue of censorship is one of the most controversial in cable television programming. To date, no one has been specifically designated at being responsible for what goes over the wire. Until a test case has resolved the issue, perhaps the most logical policy for local communities is to require the franchisee to meet the minimum F.C.C. requirements on obscenity, lotteries, and advertising on public access channels.

Section X: Regulatory Body

Alternative B designates in much more specific terms the role and function of the body is related to the operator and the city.

DECISION POINT #5

The Situation:

The draft cable ordinance prepared by your group and the city attorney was typed and duplicated for a public hearing. The F.C.C. requires proof that a "full public proceeding affording due process" was undertaken before it will issue a Certificate of Compliance.

The Belmont Springs City Manager's office took appropriate steps to notify the public well in advance of the hearing. The hearing itself was held in the evening to allow maximum attendance. At the hearing, several groups responded to or sought clarification of various sections of the ordinance. Certain suggestions were added to the draft and subsequently passed at the next city council meeting.

Have a member of your group pick-up a copy of the official cable television ordinance from the G.O.D.

With the passage of the cable television ordinance, the City of Belmont Springs is now ready to move from the Legislation Phase to the Operator Selection Phase of cable decisionmaking. The ordinance established the procedures for selecting the operator(s) and the criteria by which the operator(s) will be selected. The City Manager has distributed copies of the Request for Proposal (RFP) to all major

cable companies and organizations interested in cable television.

Have the G.O.D. give your group a copy of the RFP. Read it carefully.

At the date when the proposals were to be filed, three were opened and checked for completeness. One proposal, submitted by the National Mexican American Anti-Defamation Committee of Greater Norwalk, was found to lack the $50,000 Bid Bond and was disqualified. The two remaining proposals belonged to the American Cable Company and Mountain Communications Incorporated, both multi-system owners based in nearby Norwalk.

The Belmont Springs Cable Commission (formerly the C.O.G.) decided to use a point system to evaluate the two proposals.

The Task:

Your group will now evaluate the two proposals using a point system evaluation sheet. After reading the RFP and evaluating the two proposals with the scoring sheet, your group will make a recommendation to the city council as to the best qualified applicant for the cable television franchise in Belmont Springs.

NOTE: Engineering Consultants of Norwalk, professional telecommunications consultants, have been commissioned to evaluate the technical standards and maintenance standards of the two proposals. You may purchase their report for $200 from the G.O.D.

The Decision:

Complete the following:

Based upon our review and evaluation of the proposals, we recommend that _____ be granted the cable television franchise for Belmont Springs.

List three reasons for your selection:

1. _____

_____

2. _____

_____

3. _____

_____

When this has been completed you may request Decision Explanation Sheet #5 from the G.O.D.

CITY OF
BELMONT SPRINGS

ORDINANCE NO: 179 - 73

Cable Television Service

NOTE

On the next few pages is a simplified version of the cable television ordinance for Belmont Springs. The actual ordinance is several pages longer and states the relationship between the city and the franchisee in much greater detail.

ORDINANCE NO: 179-73

AN ORDINANCE AUTHORIZING A NON-EXCLUSIVE CABLE TV FRANCHISE IN THE CITY OF BELMONT SPRINGS; PROVIDING FOR THE TERM OF THE FRANCHISE, SELECTION OF THE FRANCHISEE, FRANCHISE PROVISIONS AND RESTRICTIONS, RATES AND CHARGES, AND FRANCHISE FEES; AND ESTABLISHMENT OF THE BELMONT SPRINGS CABLE COMMISSION.

SECTION I: Franchise Generally

(1) Necessity of Franchise. No person, natural or corporate, or any other entity, shall own or operate a CATV system or other system as defined here, in the City of Belmont Springs, except by a franchise granted by the City, in the form of a franchise agreement between the City and the franchisee, which shall comply with all the specifications of this ordinance.

SECTION II: Term of Franchise

(1) Term. The franchise to be granted by the City of Belmont Springs pursuant to this Act shall grant to the Franchisee the right, privilege and franchise to construct, operate and maintain a cable television system in the streets and roads of Belmont Springs for a period of ten (10) years from and after the grant and acceptance date of the franchise to be awarded subject to the conditions and restrictions as hereinafter provided.

SECTION III: Selection of Franchisee

(1) Request for Proposal. In selecting a franchisee pursuant to this ordinance, the City shall prepare a Request for Proposal (R.F.P.) to seek bids for a cable television system to be established by the City. This R.F.P. will contain information and instructions relating to the preparation and filing of proposals; conditions regarding the installation, operation and maintenance of a cable television system under City franchise; and the criteria to be used in evaluating proposals.

(2) Criteria for Selection of Franchisee. Applicants will be evaluated according to the following criteria:

(a) Installation Plan.

Preference may be given an installation plan that would provide flexibility needed to

adjust to new developments, maintenance practices, and services that would be available to the subscriber and the community immediately and in the future.

(b) Rate Schedule.

Preference may be given to applicants with the most reasonable and equitable installation and subscriber rate schedule.

(c) Financial Soundness and Capability.

The evidence of financial ability in the applicants' proposal shall be such as to assure ability to complete the entire system within a minimum of five (5) years of the date the franchisee receives the F.C.C. Certificate of Compliance.

(d) Demonstrated Experience in Operating a Cable Television System under City Franchise.

Preference may be given upon evidence to the applicants' experience in operating a cable television system under City franchise, where such evidence would show or tend to show or confirm the ability of the applicant to furnish sufficient and dependable service to the potential public and private users.

(e) Service Provisions.

Preference will be given to applicants demonstrating system capability in terms of no-cost telecasting production facilities and service available to municipal and educational institutions and community groups and individuals.

(3) Hearings, Notices, Publications. The Belmont Spring's City Council shall award a franchise to an applicant only after a public hearing on the application and proposal, notice of which hearing shall be published in a local newspaper of general circulation at least thirty (30) days before the date of the hearing. Any franchise that is granted shall be authorized by a Resolution of the City Council, which Resolution shall be thereafter published in a local newspaper of general circulation.

SECTION IV: Franchise Provisions and Restrictions

(1) All franchisee granted pursuant to this ordinance shall be subject to, and shall expressly indicate that they are subject to, the following provisions:

(a) Any franchise granted hereunder shall be subject to all applicable provisions of City ordinances, and any amendments thereto. Should the F.C.C. modify the provisions of their Rules and Regulations relating to Federal-local regulatory relationships, the City shall there amend this ordinance within six months of the effective date of the modification.

(b) Any franchise granted hereunder shall be subject to the right of the City to repeal the same for misuse, non-use, or failure to comply with the provisions of this ordinance, or any other local, state or federal laws, or Federal Communications Commission rules or regulations.

(c) Any franchise granted hereunder shall be further subject to the right of the City to:

(i) Require extension of subscriber service to all residents of the Chelsea Hills Area (Service Area 7) within nine months of the franchisee's receipt of the Federal Communications Commission (F.C.C.) Certificate of Compliance, and the City shall further require extension of service to all residents of the City within five years of the date of the franchisee's receipt of the F.C.C. Certificate of Compliance.

(ii) Establish reasonable standards of service the quality of products, and to prevent unjust descrimination in service or rates.

(iii) Require continuous and uninterrupted service to the public in accordance with the terms of the franchise throughout the entire period thereof.

(2) Franchise Agreement.

(a) The applicant awarded a franchise by City Council Resolution shall execute a franchise agreement, agreeing to the terms and provisions

of the franchise and Request for Proposal. In addition, the franchisee shall, within thirty (30) days of the date of execution of the franchise agreement, submit his filing of an application for a Certificate of Compliance with the Federal Communications Commission.

(b) The franchise agreement shall contain such further conditions or provisions as may be included in the Request for Proposal and/or negotiated between the City and the franchisee, except that no such conditions or provisions shall be such as to conflict with any provisions of this ordinance or other law.

(3) Number of Channels. The franchisee's distribution system shall initially be capable of carrying at least forty (40) channels to television breadth, on dual cable construction. The system shall also provide simultaneous reverse direction signal capability for digital, audio, and video signal transmission on all elements of the system.

(4) Public Service Installations. It shall be the responsibility of the franchisee to make single installations of its standard cable television service to public and private schools within the franchise area, including Garfield Community College and the area vocational technical college. Single installations shall also be made at all fire and police stations, the City Hall, public buildings, and all public libraries. Such installations shall be made at such reasonable locations as shall be requested by the respective units of government or educational installations. No monthly service charges shall be made for distribution of the franchisee's signals within such facilities.

(5) Interconnection. The franchisee will be required to interconnect its cable television system with any other system operating in an adjacent territory. Such interconnection shall be made within sixty (60) days of request made by the City. For good cause shown, the franchisee may request reasonable extensions of time to comply with the requirements.

(6) Right of City to Purchase Cable System. Upon expiration of the term of the franchise, or upon any other termination thereof, the City, at its election, and upon the payment to the franchisee of a price equal to the fair market value of the system, shall have the right to purchase and take over the system.

(7) Open Access. The entire system of the franchisee shall be operated in a manner consistent with the principle of fairness and equal accessibility of its facilities, equipment, channels, studios, and other services to all citizens.

(8) Emergency Use of Facilities. The franchisee shall, in the case of any emergency or disaster, make its entire system available without charge to the City or to any other governmental or civil defense agency that the City shall designate.

(9) Performance Bond. The franchisee shall maintain, and by its acceptance of this franchise specifically agree that it will maintain throughout the term of this franchise a faithful performance bond running to the City, with at least two sureties approved by the City, in the penal sum of $100,000 conditioned that the franchisee shall well and truly observe, fulfill and perform each term and condition of this franchise and that in case of any breach of condition of the bond, the amount thereof shall be recoverable from the principal and sureties thereof by the City for all damages proximately resulting from the failure of the grantee to well and faithfully observe and perform any provision of this franchise.

(10) Censorship. The franchisee shall comply with existing F.C.C. regulations pursuant to obscenity, lotteries and advertising over public channels, but is otherwise prohibited from censoring any program cablecast over public channels.

SECTION V: Subscriber Rates and Charges

(1) Limitations. The charges made to subscribers for services of the franchisee hereunder shall be fair and reasonable and no higher than necessary to meet all costs of the service, and provide a fair return on the original cost, less depreciation, of the properties devoted to such service.

(2) Rate Schedule. An applicant for a franchise shall submit a full listing of subscriber and user service rates to the City for approval. Such listing shall include:

(a) Initial tap-in and connection charges

(b) Monthly rates: single and multiple dwellings

(c) Hotels, Motels, Rest Homes and Hospitals

(d) Special Class Subscribers

(i) senior citizens

(ii) Welfare recipients

SECTION VI: Franchise Fees

(1) Annual Fee. The franchisee shall pay to the City of Belmont Springs for each calendar year or fraction thereof during the term of this franchise, three (3%) percent of the gross annual receipts from operation of the proposed service; provided that every such annual payment shall not be less than three thousand dollars ($3,000).

(2) Disbursement. The City shall disburse eighty (80%) percent of the revenues from franchisees to the Cable Commission for the development of the public channels. The City shall retain twenty (20%) percent of the revenues from franchisees in the City's general fund to cover City overhead expenses incurred in respect of administration of this ordinance or any franchises granted pursuant thereto.

(3) Non-Payment. Failure to pay any fees required by this section shall result in automatic suspension of the franchise granted, and reinstatement thereof may be had only upon resolution by the City Council, and payment of the delinquent fee or fees plus any interest or penalties as may be required by the resolution.

SECTION VII: Belmont Springs Cable Commission

(1) Commission Established. Before any franchise is granted, there shall be appointed a commission, to be known as the Belmont Springs Cable Commission.

(2) Composition. The Commission shall consist of five residents of the City appointed by the City Council. No employee or person with ownership interest in a cable television franchise granted pursuant to this ordinance shall be eligible for membership on the Commission.

(3) Commission Functions. The Commission, in addition to functions provided elsewhere in this ordinance, shall have the following functions:

(a) Advise the Council on applications for franchises.

(b) Monitor compliance of franchisee with ordinance provisions.

(c) Determine general policy relating to the services provided to subscribers and the organization and use of access channels.

(d) Plan future uses of cable television services.

SECTION VIII: Miscellaneous

(1) Severability. If any parts of this ordinance are for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance.

City of
Belmont Springs

The City of Belmont Springs takes pleasure in inviting your organization to submit a proposal for a cable television system to service the citizens of this community.

Presently, there is not a cable television system operating in Belmont Springs. However, recognizing an immediate need for cable television services, such an improved reception and the availability of additional broadcast channels, and a future desire for expanding cable communication services throughout the entire city, the Belmont Springs City Council appointed a Cable Organizing Group to investigate the possibilities of cable television in our city and report their findings and recommendations. The Group's recommendations are reflected in the enclosed Request for Proposal.

The R.F.P. contains information and instructions relating to the preparation and filing of proposals, conditions and provisions regarding the operation of a cable television system under city franchise, and the criteria to be used in evaluating applicant proposals.

We hope your organization will submit a proposal. If you have any questions regarding the procedures or provisions required under the ordinance or R.F.P., please contact my office. We look forward to hearing from you regarding your proposal at your earliest convenience.

Yours truly,

Mr. Dale Hammerburg
City Manager

Encl.

624 SOUTH CREIGHTON AVENUE
(899) 451-6123

REQUEST FOR CABLE TELEVISION SYSTEM PROPOSAL

I. Introduction

The purpose of this Request for Proposal is to seek bids for cable television service to be established under franchise by the City of Belmont Springs. This RFP contains information and instructions relating to the preparation and filing of proposals, conditions and provisions regarding the installation, operation, and maintenance for a cable system under City franchise; and the criteria to be used in evaluating applicant proposals.

II. Preparation of Proposals

Applicants must include the following information in proposals which must be bound and indexed in some fashion.

Section I: Financial and Organization Description of Franchise Applicant

This section must contain:

A. A financial statement and balance sheet prepared by a Certified Public Accountant which describes the applicant's financial condition, responsibility and resources.

B. A statement including a ten-year projection of revenues and expenditures anticipated for the system and the money to be received from lending institutions.

Section II: Statement of Experience

This section must contain a statement of the applicant's history and experience in operating a cable television system under municipal franchise which demonstrates the ability of the applicant to furnish sufficient and dependable service to the potential public and private users.

This statement must include:

A. Geographical locations previously and presently served by the applicant.

B. The number of subscribers in each location.

C. Length of time each location has been served by the applicant.

D. Locations where franchises have been granted but construction of the cable television system has not begun.

E. Locations where franchise applications for new franchises are pending.

Section III: Cable Television System Provisions

This section must address the following requirements and recommendations for a cable television system.

A. Construction Provisions

The Franchisee must design and construct the cable system to comply with provisions contained in Ordinance #179-73. Special consideration should be given to:

1. Construction Period
2. Technical Standards
3. Two-way Capability
4. Interconnection
5. Sub-community Service
6. Studio and Production Facilities

B. Service Provisions

The Franchisee must provide at least those services stipulated in Ordinance #179-73. As required by the Federal Communications Commissions, all area television broadcast signals must be provided.

Special attention should be paid to:

1. System Capacity
2. Video Channel Carriage
3. Additional Local Origination Channels
4. Local Programming Plans

C. Maintenance Provisions

A statement of maintenance policies and practices defined in terms of the number of subscribers and/or

miles of cable must also be submitted to include a description of:

1. Number and types of technicians
2. Number of service vehicles
3. Routine preventative maintenance activities
4. Average response time for service calls

Section IV: Subscriber Rates and Charges

Each proposal must contain the following schedule of proposed rates and charges as set forth in Section V of the cable television ordinance:

1. Initial tap-in and connection charges
2. Monthly rates: single and multiple dwellings
3. Hotels, Motels, Rest Homes and Hospitals
4. Special Class Subscribers
   a. Senior Citizens
   b. Welfare Recipients

III. Standards of Evaluation

Pursuant to Section III of Ordinance #179-73, applicants will be evaluated according to the following priorities:

A. Financial Soundness and Capability

The evidence of financial ability required in the applicant's proposal shall be such as to assure ability to complete the entire system within a maximum of five (5) years of the date the franchisee receives the FCC Certificate of Compliance.

B. Demonstrated Experience in Operating a Cable Television System Under City Franchise

Preference may be given upon evidence of the applicant's experience in operating a cable television system under City franchise, where such evidence would show or tend to show or confirm the ability of the applicant to furnish sufficient and dependable service to the potential public and private users.

C. Installation Plan

Preference may be given an installation plan that would provide flexibility needed to adjust to new

developments, maintenance practices, and services that would be available to the subscriber and the community immediately and in the future.

D. Service Provisions

Preference will be given to applicants demonstrating system capability in terms of no-cost telecasting production facilities and service available to municipal and educational institutions and community groups and individuals.

E. Rate Schedule

Preference may be given to applicants with the most reasonable installation and subscriber rate schedule.

IV. Rights of the City

Any person, firm, or corporation able to meet the requirements of this RFP and Ordinance #179-73 is encouraged to respond to this Request for Proposal.

The City of Belmont Springs reserves the right to reject any or all applications, to accept modifications of any applicant's original bid, to waive informalities and irregularities and to accept the most advantageous application submitted as so desired by the City.

CITY OF BELMONT SPRINGS

CABLE TELEVISION PROPOSAL

EVALUATION FORM

NAME OF FIRMS: Firm A: _____

Firm B: _____

INSTRUCTIONS

This evaluation form will compare the CATV proposals submitted pursuant to Ordinance #179-73 and the RFP. All proposals will be evaluated according to the criteria established in the Ordinance and RFP.

After reviewing the response of each organization to the evaluation criteria, score each applicant according to the following scale:

5 points:	Generally given to organization whose proposal is superior to the other applicant(s) and meets minimum Ordinance standards.
4-0 points:	Degree to which the other applicant(s) meet evaluation criteria.

	Firm A	Firm B
	(Score 5-0)	
I. Financial/Organizational Soundness and Capability		
A. Balance Sheet Strength	_____	_____
B. Construction Loan Secured?	_____	_____
II. Statement of Experience		
A. Existing franchises and subscribers	_____	_____
B. Pending Franchises	_____	_____
III. Cable System Provisions		
A. Construction Provisions		
1. Construction Period	_____	_____
2. Technical Standards	_____	_____
3. Two-way Capability	_____	_____
4. Interconnection	_____	_____
5. Sub-community Service	_____	_____
6. Studio and Production Facilities	_____	_____
B. Service Provisions		
1. System Capacity	_____	_____
2. Video Chennel Carriage	_____	_____
3. Additional Local Origination Channels	_____	_____
4. Local Programming Plans	_____	_____
C. Maintenance Provisions		
1. Overall maintenance service	_____	_____
IV. Subscriber Rates and Charges		
A. Installation Rates	_____	_____
B. Monthly Rates	_____	_____
C. Special Class Subscribers	_____	_____
TOTAL EVALUATION SCORE	_____	_____

MCI PROPOSAL

Mountain Communications, Inc.

1320 CHELSEA TOWER NORWALK

The Honorable Mayor and City Council
City of Belmont Springs

Gentlemen:

Mountain Communications Incorporated herewith respectfully submits its application, for a franchise to operate a CATV system in the City of Belmont Springs.

MCI's corporate offices are located in nearby Norwalk to provide an immediate contact point for the many communities in the Norwalk metro area who are presently being served or will be served MCI's CATV services. The corporation has franchises in three communities in the immediate area.

Mountain Communications Incorporated has over twenty years of experience in the CATV industry and assures the City of Belmont Springs the technical, managerial, construction and financial knowledge to provide cable television service second to none in the nation.

Mountain Communications Incorporated believes it has been responsive to the City's instructions; however, we would welcome an opportunity to provide further information concerning our application by appearing personally before the City Council or Cable Commission to furnish any supplementary data you may desire.

Respectfully submitted,

MOUNTAIN COMMUNICATIONS INCORPORATED

William L. Hollingsworth
President

SECTION 1

MOUNTAIN COMMUNICATIONS INCORPORATED

BALANCE SHEET

ASSETS

	1972	1971
CURRENT ASSETS		
Cash	$ 2,141,896	$ 1,783,901
Commercial paper	2,350,126	1,539,058
Accounts and notes receivable, less allowance of $25,500	377,692	349,824
Accounts receivab le from affiliates	498,909	717,827
Inventories--at lower of cost (first-in, first-out method) or market	319,306	310,175
Prepaid expenses	345,839	590,529
TOTAL CURRENT ASSETS	6,033,768	5,291,314
INVESTMENTS		
Investments ($1,219,642 and $783,049) in and advances to companies 50% owned or less	1,462,485	1,125,652
PROPERTY, PLANT, AND EQUIPMENT--on the basis of cost		
Buildings	1,857,878	1,690,251
Distribution systems, equipment and improvements	34,479,455	25,955,329
Theatre and related equipment	7,672,489	7,564,054
Allowances for depreciation and amortization (deduction)	(15,417,058)	(12,895,902)
	28,592,764	22,313,732
Construction in progress	4,779,255	3,727,043
Land	1,858,442	1,715,890
	35,230,461	27,756,665
COMMUNITY ANTENNA TELEVISION ("CATV") FRANCHISES, at cost less amortization	643,215	
OTHER ASSETS		
Unamortized debt expense	714,479	405,653
Costs in connection with CATV franchise applications	500,979	476,124
Cost over underlying equity in connection with the acquisition of companies	128,484	128,484
Federal income tax claims	182,729	182,729
Notes receivable due beyond one year	386,500	291,272
Unamortized commissions paid for new subscribers	335,217	173,980
Other	142,269	298,855
	2,390,657	1,957,097
	$45,760,586	$36,130,728

LIABILITIES AND STOCKHOLDERS' EQUITY

	1972	1971
CURRENT LIABILITIES		
Notes payable	$ 166,667	$ 260,698
Trade accounts payable	1,175,770	1,944,177
Accrued expenses:		
Interest	544,661	76,968
Other	741,102	859,796
Subscriber deposits and advance payments	138,689	93,562
Federal income taxes	218,533	416,218
Current portion of long-term debt	1,076,128	1,829,905
TOTAL CURRENT LIABILITIES	4,061,550	5,481,324
LONG-TERM DEBT--less portion classified as current	25,408,338	16,261,486
DEFERRED FEDERAL INCOME TAXES	1,367,127	1,037,996
MINORITY INTEREST IN SUBSIDIARIES	437,201	361,933
COMMITMENTS AND CONTINGENT LIABILITIES		
STOCKHOLDERS' EQUITY		
Preferred Stock--par value $5.00 a share: Authorized 1,000,000 shares; none issued		
Common Stock--par value $.03 a share: Authorized 4,160,000 shares issued (including 340 shares in treasury): 1972--2,395,136; 1971--2,395,001	71,854	71,850
Other capital	6,038,417	5,867,722
Retained earnings	8,381,199	7,053,517
	14,491,470	12,993,089
Less cost of 340 common shares in treasury	5,100	5,100
	14,486,370	12,987,989
	$45,760,586	$36,130,728

PROJECTED OPERATING STATEMENT

City of Belmont Springs

Assumptions:

1. Approximately 33,000 homes are located in the franchise area and the expected home growth will be 1% per year.
2. Construction will be complete within three years of granting the franchise and receipt of a certificate of compliance from the FCC.
3. The completed cable plant initially will consist of 199 aerial miles and 154 underground miles with about three miles of plant added each year.
4. A franchise tax of 3% based on gross receipts.
5. Fifty percent maximum saturation achieved in the fourth year.
6. Microwave charges of approximately $5,000 per month for the importation of distant signals.
7. Rate Structure as follows:

Primary Outlet	$6.95
Second Outlets	2.50
Connection Charge	9.95
Reconnect Charge	5.00
Move Outlets	5.00

8. Converter will be used at an estimated cost of $30 per outlet.

PROJECTED CAPITAL EXPENDITURES AND BORROWING REQUIREMENTS

	Year 1	Year 2	Year 3	Year 4	Total
Overhead CATV Plant	$ 497,500	$ 497,500	$ 497,500	-0-	$1,492,500
Underground CATV Plant	616,000	616,000	616,000	36,000	1,884,000
Microwave Distribution System	25,000	-0-	-0-	-0-	25,000
Microwave Electronics	7,500	-0-	-0-	-0-	7,500
Head end Electronics	15,000	-0-	-0-	-0-	15,000
Metro Data	12,500	-0-	-0-	-0-	12,500
Local Origination	25,000	25,000	50,000	-0-	100,000
House Drops	80,520	162,135	249,240	128,505	620,400
Converters	85,800	172,770	265,590	136,890	661,050
TOTAL CAPITAL EXPENDITURES	1,364,820	1,473,405	1,678,330	301,395	4,817,950
Operating Deficit	159,540	187,014	47,376	-0-	393,930
TOTAL BORROWING REQUIRED	$1,524,360	$1,660,419	$1,725,706	$301,395	$5,211,880

PROJECTION OF OPERATING REVENUES AND EXPENSES AND RELATED STATISTICS

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Homes passed by cable	11,000	22,100	33,600	33,900	34,200	34,500	34,800	35,100	35,400	35,700
Average Subscribers	1,100	4,415	10,035	15,195	17,025	17,175	17,325	17,475	17,625	17,775
Operating Statement (000's)										
Revenue										
Service Fees	102	408	927	1,404	1,573	1,587	1,601	1,615	1,629	1,642
Connection Charges		20	40	86	53	53	53	54	54	55
Advertising		5	12	20	20	20	20	20	20	20
Total	102	433	979	1,510	1,646	1,660	1,674	1,689	1,703	1,717
Operating Expenses	210	450	725	793	860	863	866	870	873	876
Operating Profit	(108)	(17)	245	717	786	797	808	819	830	841
Depreciation	41	126	220	280	292	296	299	303	306	309
Interest	20	116	266	354	341	315	292	265	237	206
Net Income/(Loss) Before Taxes	(169)	(259)	(192)	83	153	183	217	251	287	326

M C I FINANCIAL SUPPORT

At this early stage of negotiations Mountain Communications Incorporated has not been able to secure a commitment from a financial institution for the financing of the construction and operation of the cable television system for Belmont Springs. Until such time as the operating circumstances of the system, including such matters as subscriber rates are determined, firm financing arrangements are not feasible.

MCI, however, has a very good credit rating and will make every effort to secure a financial commitment as soon as the above details are finalized.

SECTION 2

CABLE SYSTEM EXPERIENCE

Mountain Communications Incorporated has many years of experience in operating CATV systems under municipal franchise. The following are locations of MCI systems, numbers of subscribers served and when service commenced in that area.

STATE	SUBSCRIBERS	COMMENCED OPERATION
ARKANSAS	16,210	1959
ARIZONA	11,876	1962
CALIFORNIA	41,748	1966
FLORIDA	23,161	1969
KANSAS	5,904	1961
KENTUCKY	10,700	1962
MISSISSIPPI	11,432	1958
MISSOURI	9,973	1964
OKLAHOMA	28,614	1951
NEW MEXICO	8,434	1965
TEXAS	50,133	1957
TOTALS	212,242	

Mountain Communications Incorporated has been granted franchises in twenty-nine (29) communities where construction of the CATV system has not begun, including three in the greater Norwalk area and seven in Lincoln County.

Many of the communities have been effected by the 1966 FCC Second Report and Order which restricted the growth of cable television systems in the nation's 100 largest television markets (Norwalk is in the 35th largest market). This freeze lasted until 1972 when new rules allowed CATV to develop in large markets. With the inception of new FCC

rules, MCI filed new applications for Certificates of Compliance. Many of these applications are presently under consideration and should be resolved within the next few months.

SECTION 3

CABLE TELEVISION SYSTEM PROVISIONS

Mountain Communications Incorporated proposes to construct a cable communications system for Belmont Springs which will be capable of delivering 60 channels of service to the subscriber initially and will also be two-way capable.

The following are details of the Master Plan which includes: service coverage area; construction schedule; details of technical standards; construction practices; two-way capacity; underground and overhead installation plans; interconnect; sub-community service; studio and production facilities and program plans; system capacity and expansion capabilities; channel allocation; FM, stereo music and other services to be offered; maintenance and customer service provisions.

CONSTRUCTION PERIOD

Construction of the system will begin within thirty (30) days following receipt of all necessary utility permits, private easement, licenses, FCC authorizations and availability of distant signals. The Chelsea Hills area will be built immediately with receipt of utility permits, easements and FCC authorization.

Service to the first customer will be available within one hundred eighty (180) days after construction has begun. The following construction and energizing schedule will be followed:

AREA	ENERGIZE SCHEDULE
Service Area 7	Will be energized six (6) months from start of construction (CD-1=Construction Day -1)
Service Area 6	Will be energized in twelve (12) months from CD - 1
Service Area 5	Will be energized in thirty (30) months from CD - 1
Service Area 4	Will be energized in thirty-six (36) months from CD - 1
Service Area 3	Will be energized in eighteen (18) months from CD - 1
Service Area 2	Will be energized in twenty-four (24) months from CD - 1
Service Area 1	Will be energized in forty-two (42) months from CD - 1

TECHNICAL STANDARDS

Mountain Communications Incorporated has designed a system that will meet all City and FCC technical standards. The system will have one head end location which will be tied together by both microwave and two-way cable to the (presently) three other cable systems in the greater Norwalk area.

MCI engineers have designed what we believe to be one of the most advanced CATV systems in the United States to date. The system is capable of delivering all presently economically feasible services of cable as well as the many new services presently being researched.

We believe an analysis of the following specifications will verify our claim.

EQUIPMENT SPECIFICATIONS AND PARAMETERS

I. Trunk Line Equipment

A. Noise figure = 11.0 db

B. Cross Modulation Distortion (based on NCTA test method, 30 channels)

XM = -89.0 db @ + 33/31/29/26 dbmv output levels

C. Second Order Distortion

2nd Order = =79.0 db @ + 33/31/29/26 dbmv

Frequency response flatness = ± .25 db

D. AGC Control

Output level change ± .50 db for ± 4 db cable equivalent input change

Output level change ± .25 db for ± 2 db cable equivalent input change

E. Bandwidth

Trunk A, downstream only	50-270 MHz
Trunk B, downstream	174-270 MHz
Trunk B, upstream	5-108 MHz

F. Cable

	Overhead	Underground
Impedance	75Ω ± 1	75Ω ± 1
Return Loss	28 db minimum	30 db minimum
Attenuation @ 270 MHz @ 49.5°F	.82 db/100 ft.	1.04 db/100 ft.
Velocity of Propagation	95%	82%

II. Distribution Equipment

A. Bridger Amplifiers

Noise figure	= 12.0 db
Cross modulation (30 channels)	= -67.0 db @ + 43/41/39/36 dbmv output level for one or two outputs
	= -67.0 db @ + 40/38/36/33 dbmv output level for four outputs
Second Order Distortion	= -70.0 @ same levels as above

B. Line Extender Amplifiers

Noise figure	= 13.0 db
Cross modulation (30 channels)	= -71.0 db @ + 40/38/36/33 dbmv output level
Second Order	= -70.0 db @ + 40/38/36/33 dbmv output level
AGC Control	= ± .75 db output change for ± 3 db cable input change
	= ± .5 db output change for ± 2 db cable input change
Operational Gain	= 22.0 db

C. Specifications common to all distribution amplifiers

Bandwidth in forward direction	= 50-270 MHz
Bandwidth in reverse direction	= 5-30 MHz

D. Return Amplifiers

Bandwidth	= 5-35 MHz
Frequency response flatness	= ± .25 db
Pilot tone frequency	= 35.25 MHz

AGC Control ± db output change for ± 4 db cable equivalent change at 270 MHz

III. Head End Equipment

A. Hetrodyne processors

Noise figure	7.5 db max.
Spurious Signals	-72.0 db max.
Frequency stability	± .0015%
Frequency response flatness	± .25 db

B. Modulators

Differential phase	2° max.
Differential gain	1 db max.
Group delay	conforms to FCC pre-distortion requirements
Frequency Stability	± .0015%
Spurious Signals	-72.0 db max.

In addition to the above system parameters and specifications, the following requirements will be met:

1. The system will provide +9 to +20 dbmv, as measured across 75 ohms on each channel measured at the connection to the TV set.
2. The overall frequency response of the system will be flat ±1.5 db on the trunk system and ±3 db (including trunk contribution) on the distribution system @ 70°F.
3. The frequency response of the trunk and distribution system will be flat ±1 db across the 6 MHz bandwidths of a television signal carried.

TWO-WAY CAPABILITY

Two-way capability will be provided as a part of the cable system developed by Mountain Communications Incorporated. In the distribution system, the spectrum space from 5-30 MHz will be used as a return path and the trunk system, the spectrum from 5-108 MHz.

INTERCONNECTION

As stated earlier in this application, Mountain Communications Incorporated presently holds franchises for three communities adjacent to Norwalk and is currently involved in negotiations with the Norwalk City Council for the CATV franchise to serve that city.

When granted franchises in Norwalk and Belmont Springs, MCI will be able to provide via microwave and two-way cable interconnection with not only contiguous systems but with our system in the entire greater Norwalk area.

SERVICE TO SUB-COMMUNITIES

Mountain Communications Incorporated is willing to discuss with the Belmont Springs City Council and/or Cable Commission the possibility of establishing services to sub-communities within Belmont Springs, such as the Latin community. The system designed by MCI will allow for such services.

We do, however, believe it is the responsibility of the Belmont Springs citizenry to determine the sub-communities.

STUDIO AND PRODUCTION FACILITIES

Mountain Communications Incorporated has many years of experience in the design and construction of studio and production facilities for cable television systems. The combined office-studio facility described on the next few pages more than meets the requirements established by the City of Belmont Springs.

In addition to the studio and production facility, MCI proposes to provide technical assistance to the citizens of Belmont Springs to ensure maximum use of the facility.

FACILITY EQUIPMENT LIST

Below are the kinds and types of equipment that will be used for the studio and production facility:

Audio System

Item	Quantity	Model/Type	Description
1	1	TM	Audio Mixing Console, with five mixing channels, fourteen available inputs, cueing, VUmeter, master gain
2	1	EV	Microphones, low impedance, omni-directional
3	2	EV	Microphone, lavalier, low impedance
4	1	EV	Microphone Stands
5	1	Spotmaster	Audio Cartridge Deck
6	10	Spotmaster	Cartridge Tapes
7	1	Gates, Collins, Sparta, etc.	Professional broadcast quality turntable.

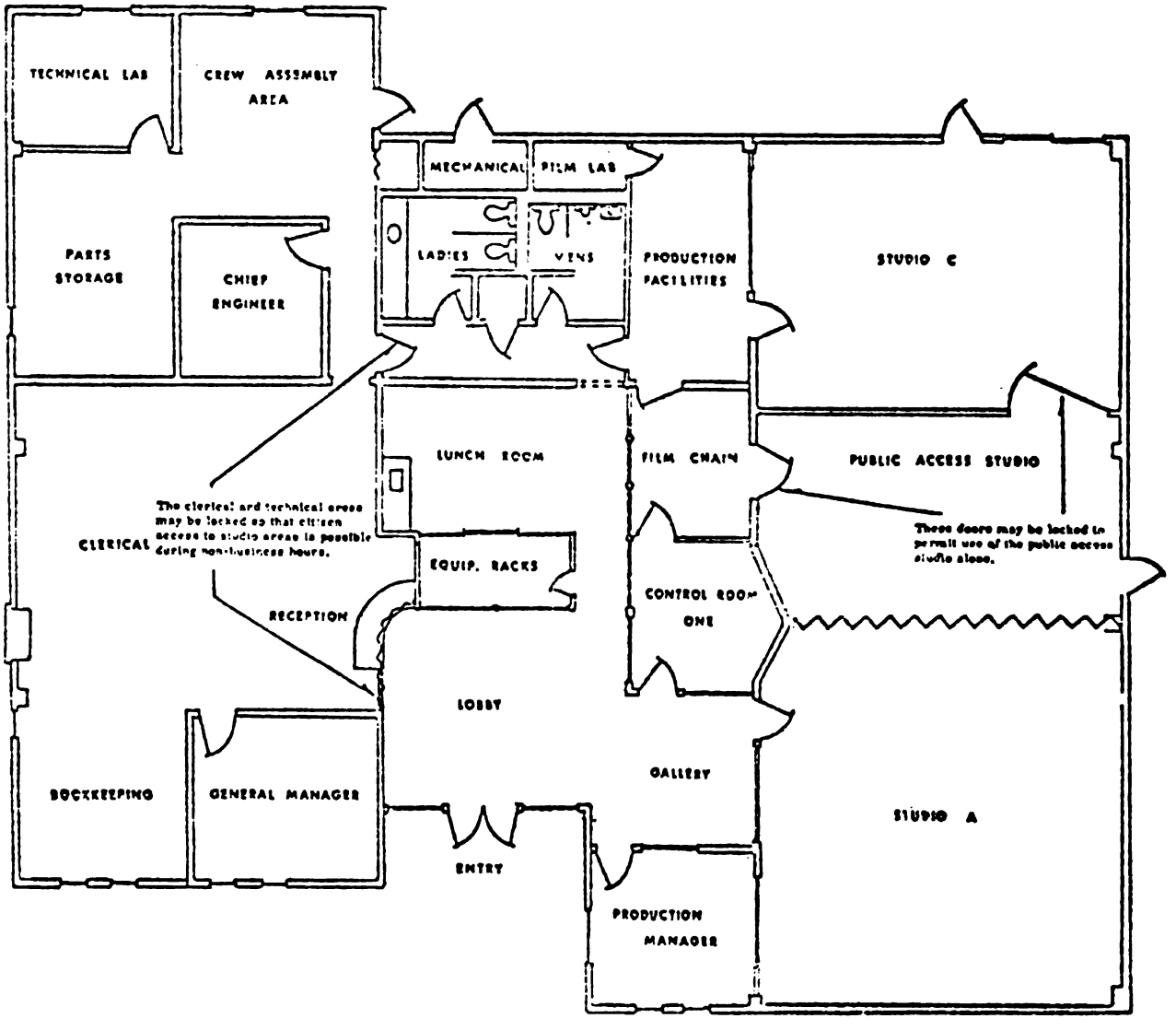
Color Film Chain

Item	Quantity	Model/Type	Description
1	1	TM	Three-way optical Multiplexer
2	1	Kodak	Carousel 2x2 Slide Projector with seven-inch lens
3	2	Kodak	16mm Film Projector with four-inch lens for use with TMM-203B
4	2	TM	Remote Control Module for STOP, RUN, and SHOW.
5	1	TM	Remote Control Module for selection of projector and sequencing of slides

Video Control System

Item	Quantity	Model/Type	Description
1	1	TM	Broadcast Video Switcher with special seven-inch control panel
2	1	TM	EIA Color Sync Generator
3	1	TM	Bar Dot Generator
4	5	TM	Pulse Distribution Amplifier with built-in power supply and connector panel to supply pulse from EIA color sync generator to all cameras and switcher
5	2	TM	Video Distribution Amplifier with built-in power supply and connector panel for sub-carrier and bar dot generator distribution
6	1	TM	Six-input switcher, bridging type to select inputs for waveform monitoring
7	1	TM	Video Distribution Amplifier to supply waveform monitor from switcher to eliminate transients
8	2	Tektronix	Waveform Monitor
9	4	TM	Rack Frames for distribution amplifier and 6x1 switchers
10	2	TM	Blank Panel Filler
11	2	Conrac	Dual nine-inch Solid State Monitors for continuous monitoring of both live cameras
12	2	Conrac	Color Monitors, nineteen-inch
13	1	TM	Four-position intercom system, camera #1, camera #2, video control console, audio control console

Item	Quantity	Model/Type	Description
14	1	Sony	Twenty-inch modified Color Monitor/Receiver for studio monitoring of video or RF cablecasting channel output
15	1	Tektronix	Vectorscope, rack mount
16	1	TM	Video/Audio Distribution Switcher
17	1	TM	Special Effects Generator


TECHNICAL LAB
CREW ASSEMBLY AREA
PARTS STORAGE
CHIEF ENGINEER
MECHANICAL
FILM LAB
LADIES
MENS
PRODUCTION FACILITIES
STUDIO C
LUNCH ROOM
FILM CHAIN
PUBLIC ACCESS STUDIO
The clerical and technical areas may be locked so that citizen access to studio areas is possible during non-business hours.
These doors may be locked to permit use of the public access studio alone.
CLERICAL
EQUIP. RACKS
CONTROL ROOM ONE
RECEPTION
LOBBY
GALLERY
BOOKKEEPING
GENERAL MANAGER
STUDIO A
ENTRY
PRODUCTION MANAGER

SERVICE PROVISIONS

On the following pages, Mountain Communications Incorporated discusses in detail the capacity of its proposed cable television system for Belmont Springs, the broadcast and non-broadcast channels to be carried on the system, and our plans for local cable television programming.

SYSTEM CAPACITY

The state of the art of the CATV industry has advanced to an era whereby our service has become much more than the providing of a community antenna reception service to only deliver available broadcast signals. Technically, the capacity to deliver a large number of channels to a household has been available for some time; however, additional entertainment and information programming has not been produced and delivered to subscribers in the past to any significant extent.

MCI has designed a cable system that will deliver sixty (60) channels of television service, provides for two-way capability, FM radio station carriage and data capacity channels. These services may be expanded as new cable services become economically feasible.

To a system with this capacity, MCI proposes to add many new and exciting program services which are explained later in this section.

VIDEO CHANNEL CARRIAGE

The following is a listing of the channels to be offered by Mountain Communications Incorporated via its dual trunk, cable television distribution system, providing diversified services to householders, local government, educational institutions, community groups, and local commercial interests:

Broadcast Channels

ABC - TV	:	Norwalk
CBS - TV	:	Norwalk
NBC - TV	:	Norwalk
Independent TV	:	Norwalk
Public TV	:	Norwalk
Independent TV	:	Imported
Independent TV	:	Imported

Non-Broadcast Channels

Public Access Channel
Government Channel
Educational Channel

FM Radio Channel

A full range of FM services will be provided, MCI will make engineering tests and select those channels to be carried on the cable system.

Emergency Alert

An Emergency Alert system will be installed to provide for instant access by proper authorities of the City to give public instruction in case of emergency of local, state or national magnitude. The system will have the capability to interrupt all public channels on the cable simultaneously.

ADDITIONAL LOCAL ORIGINATION CHANNELS

Mountain Communications Incorporated is fortunate to have many years of experience in supplying subscribers with additional local origination channels. Our research facility has developed what we believe to be an excellent selection of helpful, informative channels.

Channel Service

1. News Headlines Channel (Press Wire Service)
2. Local News Channel
3. Library Channel
4. School Menu Channel
5. Weather Information Channel
6. Special Lease Channel
7. Sports Score Channel

It should be noted that the above services provide only an introduction to the potential uses of the cable system by the Belmont Springs citizenry. Many new services have been introduced by citizen suggestions at our other franchise sites and provided without additional subscriber cost.

MCI proposes to work closely with the Cable Commission after being granted the franchise to develop and maintain the best possible cable services for Belmont Springs citizens at the lowest possible cost.

LOCAL PROGRAMMING PLANS

Because Belmont Springs would join at least three other MCI operated cable systems in the greater Norwalk area, it would enjoy the benefits of a large local programming bank to be established for the area. Mountain Communications Incorporated proposes to provide a well-rounded array of programming significantly different from broadcast television for all age groups. Below are samples of MCI system produced programming:

1. The City Report
2. Children's Discovery
3. Mid-day Matinee
4. Games People Play
5. Science Fair
6. Cable High School
7. How to . . .
8. Sermon of the Day
9. High School Sports
10. Call of the Wild

In addition, Mountain Communications Incorporated has purchased several off-network series that have been proven to be family favorites for many seasons. A brief sample of these series are as follows:

Adams Family	Movie Classics
Batman	Patty Duke
Big Valley	Ponderosa
Gilligan"s Island	Roller Derby
Hogan's Heroes	Star Trek
Leave It to Beaver	Wrestling Stars

Again, MCI emphasizes that it wishes to serve its subscribers the best way possible. MCI will seek and listen to

citizen input regarding the plans for local programming. In addition, local citizens will be urged to develop their own new programs. MCI will provide all training and equipment, as necessary to launch new programming services of interest to Belmont Springs citizens.

MAINTENANCE PROVISIONS

Sufficient manpower will be maintained at the Belmont Springs system to provide the best possible service. Mountain Communications Incorporated is proposing using five (5) qualified service technicians equipped with van-type trucks and adequate test equipment. This test equipment will include such items as field intensity meters, volt-ohm meters, test television receivers, summation sweep equipment, spectrum analyzer, time domain reflectometer, frequency counters, return loss bridge, etc. In addition, available at MCI's Norwalk office will be complete facilities for evaluations, measuring and trouble shooting all equipment utilized in Belmont Springs.

These five technicians will be under the direction of a highly qualified and experienced Chief Technician who will oversee all technical operations in Belmont Springs. These numbers are minimum, of course, should the need become apparent, MCI will add as many technicians as needed to provide Belmont Springs with excellent cable television service.

Preventative maintenance will include periodic balance of the system on a three to six month's interval, and on a yearly basis, a summation sweep of the entire system will be done. In addition, on a monthly basis signal to noise ratio, hum, and a visual evaluation of pictures will be done on each

major trunk line. The headend will be checked at weekly intervals for levels, signal to noise ratio, and a visual evaluation of picture will be done. In addition to these periodic measurements, on a yearly basis, the FCC proof of performance will be done on the system. This proof includes frequency stability, frequency response, radiation from plant, signal levels, spurious beats, etc.

The average response time for service calls will be less than 24 hours. In most cases, these calls will be answered the same day, but in no case later than the next working day.

In addition to these technical personnel, enough installers and constructin personnel will be maintained to meet the demands of the system. These personnel will be adequately equipped with the tools and vehicles required to perform their work.

Below are itemized the number and types of vehicles and test equipment for Belmont Springs.

VEHICLES

1 each	Station Wagon	Manager
1 each	Station Wagon	Chief Technician
5 each	Van Trucks	Service Technicians
1 each	Ladder Truck	Maintenance and Construction Dept.
*8 each	Van Trucks	Installation Department
2 each	Pickup Trucks	Ongoing construction and city growth

*Variable, depending on installation load

SERVICE EQUIPMENT

1 each	Sweep Generator with summation sweep capability
1 each	Sweep Receiver with long persistence CRT
7 each	Field intensity meters
1 each	Time domain reflectometer
1 each	Spectrum analyzer
1 each	Variable return loss bridge
7 each	General purpose volt/ohm meter
7 each	Color test television receivers
1 each	Marker generator
2 each	Precision variable 75 attenuators
1 each	General purpose oscilloscope
1 each	Wide band oscilloscope
1 each	Video test signal generator
2 each	Waveform monitors
1 each	Vectorscope

SECTION 4

MONTHLY RATES AND SERVICE CHARGES

The following are the rates proposed by the Mountain Communications Incorporated to support the previously mentioned cable communications system for Belmont Springs.

In a discussion with our legal council, we found that we are prohibited by FCC statute from charging rates which in any way discriminate. Therefore, until the FCC relaxes its current regulations on rates, Mountain Communications Incorporated is unable to provide special rates for senior citizens and welfare recipients.

I. Residential Rates and Charges (1-5 living units):

a.	Building connection charge	Time and materials
b.	Installation charge in each living unit:	
	1. First TV-FM outlet	$9.95
	2. One additional TV-FM outlet x installed at same time as first outlet	5.00
	3. Each additional TV-FM outlet installed at a different time	7.50
c.	Monthly service charge (including 40 channel converter)	
	1. First TV-FM outlet in each living unit	6.95
	2. Each additional outlet per living unit	2.50

II. Hotel, Motel and Other Transient Rental Establishments**:

a. Building connection charges — Time and materials

b. Installation charges:

1. First TV-FM outlet — Time and materials

2. Each additional TV-FM outlet — Time and materials

c. Monthly service charge (includes 30 channel converter)

1. Each TV-FM outlet — $3.00

**Billed on a Bulk Basis

III. Apartments and Trailer Parks**:

a. Building connection charges — Time and materials

b. Installation charges:

1. First TV-FM outlet — Time and materials

2. Each additional TV-FM outlet — Time and materials

c. Monthly service charge (including 30 channel converter)

1. 1 to 5 TV-FM outlets — $6.95 each

2. 6 to 49 TV-FM outlets — 6.00 each

3. 50 to 99 TV-FM outlets — 5.50 each

4. 100 or more outlets — 5.00 each

**Billed on a Bulk Basis

AMERICAN CABLE COMPANY, INC.

224 Kent Plaza Norwalk 88803

The Honorable Harlan L. Adams
Mayor
City of Belmont Springs

Dear Mayor:

Please accept this proposal as our application for a cable TV franchise for the City of Belmont Springs.

Contained in this proposal is a summary of our commitment to the City of Belmont Springs based upon both the requirements the City has set down and ACC's operating philosophies.

Our organization stands ready to anwer any questions that might arise concerning the contents of this application. We further advise that we are prepared to provide your City with cable television facilities and service in accordance with the highest standards of the CATV industry.

Therefore, we earnestly solicit your favorable consideration for the privilege of doing business in the City of Belmont Springs.

Sincerely,

AMERICAN CABLE COMPANY

James W. Ward
General Manager

AMERICAN CABLE COMPANY

Corporate Profile

Name: American Cable Company

Address: 224 Kent Plaza
Norwalk 88803

Structure: Corporation

Corporate Officers and Directors:

President	Mr. Donald Robinson
Ex. Vice President	Mr. Lawrence Mitchell
Secretary	Mr. Walter Bandy
Treasurer	Mr. Thomas Herzog

ACC STATISTICAL PROFILE - 1972

Number of operating systems	138
Number of subscribers*	318,000
Average number of subscribers per system	2,750
Range of system size (in subscribers)	650 to 12,800
Total potential subscribers serviceable from existing plant	775,000
Saturation percentage for existing plant	46%
Total potential subscribers in franchised areas	1,200,000
Miles of plant currently under construction	4,800
Additional franchises owned but not operating and not under construction	3, representing 15,700 potential subscribers

*Total subscriber count represents a compilation of each systems total monthly service revenues divided by that system's standard residential monthly service fee.

SECTION 1

AMERICAN CABLE COMPANY

Balance Sheet

1972 and 1971

ASSETS

	1972	1971
	amounts in thousands	
CURRENT ASSETS:		
Cash	$ 3,894	$ 3,495
Notes and accounts receivable:		
Trade	798	422
Affiliates	215	240
Other	181	340
	1,194	1,002
Less allowance for doubtful receivables	50	41
	1,144	961
Prepaid expenses	150	192
Total current assets	5,188	4,648
INVESTMENTS AND ADVANCES:		
Investments, at equity:		
Unconsolidated subsidiary	240	115
Affiliated companies	645	385
	885	500
Advances:		
Unconsolidated subsidiary	2,401	41
Affiliated companies	187	241
	2,588	282
PROPERTY, PLANT AND EQUIPMENT, AT COST:	50,204	33,858
Less accumulated depreciation	12,130	8,889
	38,074	24,969
OTHER ASSETS:		
Franchises, permits, licenses, microwave service contracts and route costs	24,652	9,934
Financing costs	456	468
Deferred compensation	183	256
Other, principally prepaid interest	254	321
	25,545	10,979
	$ 72,280	$ 41,378

LIABILITIES AND STOCKHOLDERS' EQUITY

	1972	1971
	amounts in thousands	
CURRENT LIABILITIES:		
Current installment of long-term debt	$ 3,146	$ 2,139
Trade accounts payable	1,909	551
Accrued expenses	634	326
State income taxes	38	---
Subscribers' advance payments	370	258
Total current liabilities	6,097	3,274
DEFERRED INCOME TAXES	548	349
LONG-TERM DEBT, EXCLUDING CURRENT INSTALLMENTS	36,329	20,986
SUBORDINATED CONVERTIBLE DEBENTURES DUE STOCKHOLDERS	1,000	1,000
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	114	25
STOCKHOLDERS' EQUITY:		
Preferred stock of $1 par value per share. Authorized 1,000,000 shares; none issued	---	---
Common stock at $1 par value per share. Authorized 5,000,000 shares; issued 3,573,813 in 1971 and 2,856,262 in 1970	3,574	2,856
Additional paid-in capital	23,223	12,499
Retained earnings	1,390	389
	28,192	15,744
	$ 72,280	$ 41,378

PROJECTION OF REVENUES AND EXPENDITURES

I. Overall Description

A. Proposed plant mileage 300 (90% aerial-10% underground).

B. Homes behind plant 34,000--homes per mile 113.

C. Estimated mileage for entire franchise area 300.

D. Estimated homes in the total franchise area 34,000.

E. Mileage to complete the franchise area--0 miles--except as city grows.

II. Distribution Plant--Capital Costs

A. Distribution System

1. 300 miles of plant completely meets existing distribution requirements.
2. Plant cost figure is for a redundant .750 inch trunk with two-way capability. 10% underground.
3. 10,200 drops based on expected first year penetration of 30%. Standard industry unit price for drop materials is $15. Standard ACC cost for marketing and installation is $26.
4. 11,333 taps based on 3 drops per tap for 34,000 potential subscribers.
5. Cost of ACC engineering services. Includes mapping, design and contract management.
6. Converters--required for high channel capacity and to compensate for loss of channels due to ambient signal. Computed at $30 per subscriber and $30 per each additional outlet (projected for 35% of subscribers).

B. Headend Equipment

1. Signal processors for off-air signals.
2. 6 antennas (assumed to be roof-top-no tower).
3. 7 modulators for local origination signals
4. 2 demodulators for microwave signals.
5. 2 remodulators for microwave signals.
6. Couplers, leads, racks and other miscellaneous equipment.

C. Leasehold Improvement--Estimate based on renting building for offices and studios, including headend space.

III. Operations Projection

A. Subscribers--Based on estimated penetration as follows:

Year	1	2	3	4	5	6	7	8	9	10
	30%	40%	45%	50%	55%	60%	65%	65%	65%	65%

B. Revenues

1. Service income at $6.00 per month.
2. Installation at $9.95.
3. Additional outlets for 35% of all subscribers in any given year at $1.00 per month service charge.

C. Operating Expense

1. Tech salaries.

   a. 1 manager at $12,000 per year, progressing to $14,000. Annual increases projected.
   b. 1 chief tech at $10,200 per year, progressing to $12,000. Annual increases projected.
   c. 7 installer/techs initially at $6,000 per year, progressing to $7,200 per year. Add 2 installer/techs each in years two, four, and six for an end total of 13. Annual raises projected.

2. Converter maintenance--computed at 10% of the cost of all converters in use per year.
3. Pole Rent--computed for 40 poles per mile at $4 per pole annually.
4. Vehicle Repair--computed at $240 per vehicle annually. Total amount increases by $480 in each of years two, four, and six when 2 vehicles are added in each of those years.
5. Gas and Oil--computed at $600 per vehicle annually. Total amount increases by $1,200 in each of years two, four, and six when 2 vehicles are added in each of those years.
6. Cablecasting Salaries--computed for 4 full-time and 5 part-time employees. Annual raises are

projected for full-time employees only.
1 - Program Director - $10,200 Initially
3 - Full-time Assistants - $9,400 (ea.) Initially
5 - Part-time Assistants - $4,500 each.

7. Microwave Service--cost for bringing 2 independent stations to Belmont Springs.

D. General Expense

1. Office Salaries--7 clerks initially at $4,800 per year each, progressing to $5,400. Add 2 clerks each in years two, four, and six for an end total of 13. Assumption is that 1 clerk will be required for approximately 1,500 subscribers on a hand-billed system, and that excess salaries for clerks, in the event of an automated billing process, would approximately compensate for automation costs. Annual raises projected.
2. Office Supplies--computed at $300 per clerk annually.
3. Postage--computed at $1 per subscriber annually, which amounts to 8.3¢ per month.
4. Advertising--computed at $3 per subscriber gained per year.
5. Franchise Fee--3%.

CAPITAL COSTS (300 MILES)

Distribution System (Population 34,000)	
270 miles plant (aerial) @ $4,952/mile	$1,337,040
30 miles plant (underground) @ $18,000/mile	540,000
270 pole re-arrangements @ $600/mile	162,000
270 tree-trimming @ $200/mile	54,000
10,200 drop materials @ $15 each	153,000
10,200 drops marketed & installed @ $26 each	265,200
11,333 taps @ $16 each	181,328
300 miles engineering @ $300/mile	90,000
13,770 converters @ $30 each (In cludes 3,570 additional outlets)	413,100
Headend	
Headend Equipment	22,000
Microwave Receiver	6,000
Local Origination Studio	100,000
Local Access Studio Equipment	20,000
Mobile Color Studio	30,000
Weather Scan	6,000
Vehicles 9 @ $3,000 each	27,000
Two-way Radios--10 ($700 base station and $450/vehicle)	5,200
Test Equipment (@ $45/mile)	13,500
Tools (@ $200 shop and $200/vehicle)	2,000
Spare Inventory (@ $50/mile and 10% of all converters)	56,310
Office Equipment	3,000
Leasehold Improvements	20,000
Pre-opening and Franchise Development	50,000
Total	$3,556,678

ACC FINANCIAL SUPPORT

The American Cable Company has requested the Bank of New York to send a registered letter to Mayor Adams substantiating credit for ACC and to guarantee that the cost of constructing and staffing a cable television system for Belmont Springs will be provided to meet the proposed construction and service timetable.

SECTION 2

STATEMENT OF EXPERIENCE

I. History

The organizers and principals of our Company have been and are today pioneer leaders in the cable television and communications industry.

In 1950, R. L. Wolfe founded ACC by building and operating his first cable television system. In 1964, American Cable Company, Incorporated was formed as a merger of three companies with ACC.

American Cable Company, Incorporated now operates 138 cable television systems in 19 states. We serve nearly 318,000 television homes, representing over 1,200,000 television viewers.

However, the most important factor in guaging the current position of ACC is an intangible. It is the concept of service to the community which has already become a tradition in this young company. Perhaps this stems from ACC's significant broadcast affiliations, delineated in the brief history of the company attached herewith. Many of ACC's executives are long-time radio and television broadcasters with their own tradition of community involvement and statutory service "in the public interest, convenience, and necessity." As the Federal Communications Commission extends its regulatory powers more and more over cable television operations, this experience will become evermore valuable.

Management's concept of community service also stems from its philosophy of applying for every franchise, and operating every system, on the basis that ACC plans to be a "good citizen" in that community for a long, long time. This results in applying for fewer franchises than some but ACC has a history of constructing virtually every system for which it receives a municipal grant. The Company does not "collect" unbuilt franchises for the purpose, of its annual report.

II. ACC CABLE TELEVISION SYSTEMS

State	Number of Systems	Subscriber Count	Inception of Operations
Alabama	3	6,984	1970
California	38	86,447	1971
Connecticut	12	34,121	1954
Georgia	2	4,497	1970
Idaho	2	6,334	1963
Kansas	2	5,123	1970
Michigan	1	2,765	1971
Minnesota	2	3,548	1970
Montana	11	21,041	1954
Nebraska	5	6,016	1958
Nevada	2	5,343	1956
New Jersey	2	5,387	1962
Ohio	6	27,240	1965
Oklahoma	3	8,245	1969
Oregon	2		1958
Pennsylvania	16	63,446	1951
Texas	3	7,932	1951
Washington	10	23,131	1972
Wyoming	6	4,717	1954
TOTALS	138	318,344	

III. PENDING APPLICATIONS

ACC has seven (7) applications pending approval at this time.

IV. OTHER FACTS

Currently there are no locations previously served by ACC that are not currently being served by this company. Also, there are 3 locations where FCC authorization has been received that are not under construction.

CONCLUSION

You will notice that at the present time ACC has no cable system in the immediate Norwalk area. It is our wish to incorporate the many years of ACC cable television experience into the design and construction of a CATV system for Belmont Springs.

SECTION 3

CABLE TELEVISION SYSTEM PROVISIONS

I. CONSTRUCTION PROVISIONS

A. Construction Period

Total installation of the system and the availability of all projected services to all areas of Belmont Springs will be available within 3.5 years of ACC's receipt of the FCC Certificate of Compliance. Total system construction will conform to the requirements in Ordinance #179-73. As required in the above ordinance, initial system construction will begin in the Chelsea Hills area.

B. Technical Standards

ACC's technical standards will either meet or exceed the FCC minimum technical standards for the cable television industry. In addition ACC agrees to conform to the Belmont Springs supplemental standards of construction. Included, additionally, in this section is an outline of our company specifications. These are, we believe, quality "specs." and we will adhere to them as minimum standards for the construction of Belmont Springs' cable television system.

ACC APECIFICATIONS--DISTRIBUTION SYSTEM

1. Cable--All aerial cable will be aluminum sheathed. All underground cable will be aluminum sheathed having high molecular weight polyethylene jacket. Sizes will be:
   a. Trunk Line--1.00, 1750, 1.25 O.D., as required to meet specs.
   b. Feeder Line--.500 O.D. Return Loss of all cable will not be less than 30 db minimum, or, if the state of the art permits at time of purchase, greater.

2. Amplifiers--Amplifiers will be Jerrold Starline compatible with broadband equipment now being developed unless subsequent improvements in the state of the art permit superior equipment.

3. Subscriber Taps--Directional taps with plug-in modules will be used. The excellent line match coupled with modular construction in these taps combines with the versatility of pressure taps with the high performance of directional tapping devices.

4. Cross-Modulation (Overload)-- -5 db maximum at extremities.

5. Signal to Noise Ratio--43 db minimum at extremities or (56-10 Log NT) db.

6. Reflections--At a properly operating subscribers set, reflections will be at least 40 db down from signal.

7. Level at Subscriber's Receiver--At least +6 dbmV +dbmV across 300 ohms.

8. Color Transmission--The distribution system will not cause a change in chroma level greater than 1 db, nor cause differential gain in excess of 1 db, nor cause differential phase in excess of 1°.

9. Hum Modulation--Shall not exceed 2%.

10. Reliability--Manufacturers do not provide specifications relative to reliability; however, it is proposed to utilize the highest quality equipment consistent with the state of the art. (With modern solid-state equipment such as that proposed, equipment failures are exceedingly rare, particularly after the first week of operation of any individual piece of equipment.)

11. Maintenance--American Cable Company, Inc., will retain a sufficient number of technically

qualified personnel to maintain the system at specified quality. Additionally, sufficient help will be either on duty or on call during evening hours, to maintain reliable service at all times.

12. Radiation--The distribution system shall in no case radiate more than that permitted by the Federal Communications Commission, and any case of interference to any other service or to off-air reception by those not subscribing to the service will be dealt with to the satisfaction of the party affected, unless ACC proves conclusively that the distribution system is not at fault.

13. General--The above specifications are such that there will be no perceptible picture degredation from headend to subscriber's set.

C. Two-way Capability

In order to best fulfill the requirements of this section of the Ordinance, ACC proposes to utilize shadow trunk practices. This shadow trunk will be installed during initial construction. It will duplicate all main trunk cable in Belmont Springs and will be lashed with the primary line.

ACC's choice of redundant trunk cable is based on two premises established as a result of research into current "State-Of-The-Art."

1. With the passive devices now available for the amplification stages of our system, we find that the quality of reverse signals from the home is greatly improved over that of a single trunk where information must flow two ways.

2. This second cable can also be energized when needed for city, educational or commercial use. For instance, if the city has occasion to commemorate an event in the downtown area, the cable company need only to "TAP" into the secondary line with its cablecasting equipment to broadfast over the cable to its subscribers that particular event.

D. Interconnection

ACC agrees to interconnect its cable television system with any other contiguous system if legally and technically possible.

E. Service to Sub-communities

Sub-communities will be fed by the utilization of the shadow trunk. Along with the mobile facilities it will be possible to originate a significant amount of programming in these sub-communities. We will, however, leave it to the City of Belmont Springs to define these sub-communities.

F. Studio and Production Facilities

A local program origination facility will be constructed in the City of Belmont Springs after ACC receives the franchise. The studio will meet the

City's requirements for studio and production facilities and equipment for a cable system.

In order to ensure that the studio is and will be adequate for the needs of the Belmont Springs Community, ACC has budgeted $150,000.00 in our ten year cost projection for the operation of these facilities. All that remains is the active interested citizenry. ACC is also ready to furnish all the technical assistance it can in order to place the average citizen on a par with the studio technician.

STUDIO AND PRODUCTION FACILITIES

The following is a list of the types and kinds of equipment selected for use in the public access and local origination studio and remote programming operations:

Video Tape Recorders

4	3/4" Helical scan cartridge, Sony, Wollensak, Panasonic, or 3M brand for record and playback--studio and remote.	Broadcast color video tape recorders with less than 1 microsecond time-base jitter, dropout compensator, sync processor (meets EIA RS-170 specs, and all applicable FCC regulations.
2	IVC 870 Series 1" Helical scan, or Sony 320F 1" Helical scan, for master recording	Record and playback, full NTSC color and b/w capable. Full add and insert electronic edit (audio and video) slow motion and stop action with CLP color pack.
4	Sony AV-3400 or Panasonic Porta-Pak 1/2" Helical scan, for remote use.	Battery operated camera and video tape record/playback with microphone batteries, charger, etc.

Studio Cameras

2	IVC 150 or CEI, with plumbicon and silicon diode tubes	Studio color television capable of producing EAI RS-300 synch waveform.
	(1) with 10:1 zoom lens,	Zoom lens 6:1 with 50' cable, tri-pod and dolly, tally lights, NTSC encoder, vertical aperture equalizer and 858 filter.
	or 300 A-IVC	

2	Sony DXC-5000B or Shibaden plumbicon camera with remote control unit and 6:1 zoom lens for studio or remote use.	Color camera with 4" viewfinder, tally lights, intercom, close-up lens, dolly, tri-pod and 100' cable.

Central Control and Studio

TeleMation/IVC/Grass Valley, Sparta, Dynaco, Ball Brothers, Bauer, Spectra-Sonics, RCA, Sony, Cohn, 3M, Viscount, Spot-Master, Lafayett, McMarten.

The above are brand name items to be used in equipping the master control center, studio and remote mobile-portable vans and public access facilities.

1	12 x 8 video switcher
1	6x2 multicaster
1	TMV 550 Burst D.A.
1	TPS 6X1 BL switcher
1	Special effects generator TSE 200 VS
2	External encoders
2	Color monitors--Trinitron
4	B & W 9" EVM monitors (dual)
1	Audio mixer (14 input--5 channel mix) TAM-10S
6	Lavalier microphones
2	Boom stand microphones
3	Mike desk stands
2	Turntables
1	Monitor amplifier
2	Cart recorder (playback audio tape machine)
1	Cart playback (audio tape machine)
1	Vectorscope (Tektronix) 520
1	Waveform monitor (Tektronix) 529
1	NTSC Signal generator (Tektronix) 144
1	Trompeter 24 unit video patch panel
1	Drafting table
1	Drawing kit
2	Letraset and Letrafilm kit
1	Airbrush
1	Silk screen kit
2	Light meter (sekonic/GE)
1	Polaroid camera
1	16 mm 5.0f camera
1	Minolta model D-10 sumer MM 5.0f

Lighting Equipment

Will include Century Strand, Bardwell, and McAlister and Berkey-Colortran.

10	6" 750w Fresnel w/4-way barndoors and diffuser
12	7' Pantograph and extension cable
4	8" 1000/2000w Fresnel w/barndoors and diffuser
12	10' extension cables
4	14" 1000w Scoop w/diffuser
8	14" 1000w focusing scoop w/diffuser
1	Pattern projector 750w w/holder, pattern set and gel holder
1	Set diffusion material
3	Adjustable stands
3	25' extension cables
3	25' extension cables
3	3-fixture mini-pro kits (mini-mac) for remote
8	12' plugging strip w/5-18" 3-pin pigtails
1	Dimmer controlw/6-6kw CCR dimmers 1-100 amp 3-pole circuit breaker Hanging cord patch panel w/38-20 amp cords and breakers 42-50 amp Saf-T-Jacks, 6 per dimmer and 6 jacks/1-50 amp hot circuit
1	Remote control consolette w/6 controllers (1 dimmer) 6 switches 1 master control 1 system key switch 1 system blackout switch 1-25' control cable
1	Set (25 colors) gel material 20 x 24 sheets color correction acetates

Remote Vans

2	Remote Vans to be equipped with power inverter/portable switcher/fader audio and video control so either b/w or color cameras and VTR can be used from central studio complex for remote operation.

Since technology is constantly changing and improving, advanced equipment and innovations will be adopted as they become reliably proven and available.

The equipment to be provided will allow wide versatility. Taping, live and playback or film can be accomplished simultaneously. The use of portable camera VTR units and remote van will allow coverage of community events of varying lengths at various times in either color or monochrome.

Studio

The studio will have approximately 30 x 40 feet (1200 square feet) of open floor space which will provide for multiple sets and rear screen projection. Ceiling height will be 12 to 15 feet to accommodate lighting which will be remote controllable so several sets can be lighted simultaneously.

Central Control

The central control room will be approximately 12 x 20 feet (240 square feet) to accommodate the audio and video console, video tape record and playback machine, audio record and playback, turntables, routing switchers and patch panel, and allied equipment.

Projection Center

The projection center will be approximately 10 x 15 feet (150 square feet) to accommodate the dual projector Telesine and allied equipment and film storage.

Dressing Rooms

Two dressing rooms with lavatory facilities will be provided for quests and staff.

II. SERVICE PROVISIONS

A. System Capacity

The system which ACC proposes for the City of Belmont Springs is designed and constructed so as to best provide channels and expansion capabilities.

The system will be capable of carrying sixty (60) channels of television (30 channels initially) and several thousand channels of data capacity.

We anticipate, after receiving the franchise, working closely with the people and city government of Belmont Springs in putting

B. Video Channel Carriage

1. Initially, ACC will furnish the City of Belmont Springs with seven channels of broadcast television.

   a. NBC-TV, Norwalk
   b. CBS-TV, Norwalk
   c. ABC-TV, Norwalk
   d. Independent TV, Norwalk
   e. Public (Educational) TV, Norwalk
   f. Independent TV--imported via microwave
   g. Independent TV--imported via microwave

2. The following non-broadcast channels will be available to all subscribers:

   a. Belmont Springs Government Channel
   b. Belmont Springs Public Schools Channel
   c. James A. Garfield Community College Channel
   d. Public Access Channel

3. In addition to the television and data capacity, the system will also carry all Norwalk area FM, FM stereo and quadrophonic radio stations. To receive this extra service, all subscribers need to do is request that their FM set be connected to the system.

4. The American Cable Company believes it is important to provide all citizens of Belmont Springs with cable television services. Therefore, ACC proposes the following services for the city's Chicano population:

   a. Importation of Chicano programming from a television station in Mexico.
   b. Provision of Chicano video tapes and films for programming.
   c. Wire services bringing news and features in Spanish.
   d. Local involvement of Chicano community in developing new program services.

5. Preliminary discussions have begun between ACC and educational leaders from the Belmont Springs area to develop educational use channels for the various educational institutions in the area. Mr. Hubert Davis, ACC Program Manager, has met with the Lincoln County Library Advisory Committee and the Belmont Springs Public Schools in an effort to create a library "network" to provide all schools within the franchise area equal access to the fine resources in the Lincoln County Library System.

   ACC has also met with Dean Rodney Thompson of the James A. Garfield Community College to discuss potential uses of cable television technology by the college. Dean Thompson and others invision a future educational system where the

campus of the community college can be extended even further, into the living rooms of all Belmont Springs residents.

The Belmont Springs Public Schools sees cable television as a means of extending the services of the Instructional Materials Center. The availability of multiple channels will allow the system's instructional television services to broaden its ability by showing instructional films and duplicating program offerings more times during the day to meet increased demands.

ACC has also held discussions with the city's departments of Research and Development and Public Safety. Cable channels could be used to provide information about new developments effecting citizens. Cable could also be used to assist in traffic control, drug abuse, and community relations efforts of the Department of Public Safety.

In summary, American Cable Company has begun to research potential meaningful and relevant uses of cable television for Belmont Springs residents. The above are a mere scratch on the surface. If awarded the franchise, ACC can deliver these many valuable communications services to Belmont Springs.

C. Additional Local Origination Plans

1. Philosophy--ACC has an outstanding track record in providing additional programming of interest and relevance to subscribers. We believe that such programming should not cause a raise in subscriber rates. To this end, we have attempted to create a well-rounded series of additional programming.

2. Local Origination Services--At this time and with FCC approval, ACC proposes the following local origination services:

   a. 24-Hour News and Music Service
   b. 24-Hour Time, Weather and Music
   c. Local Programming Channel For Community Affairs, Sports, Entertainment.
   d. Business and Financial Programming; Convention and Tourist Information; Classified Employment Service.
   e. Program Information; Video Test Service; Video Reference Service.
   f. Environmental Information Service.
   g. Movie and Entertainment Service.

D. Local Programming Plans

1. Philosophy--ACC anticipates that our local origination effort will be flexible. We will do our best to give the people what they wish. In our origination, we will strive for "balanced programming" in all areas; balance between entertainment and education; between local, regional and national interests; and in "live" and taped offerings.

In an effort to most accurately assess the cable programming desires of Belmont Springs' citizens, ACC conducted a market survey earlier this year. Those types of programs receiving strongest support were children's programs, sports, travel shows, and feature films. ACC, when awarded the franchise will attempt to fill as many of the expressed program preferences as possible. Again we will attempt to present "balanced programming in order to ensure that there is something of interest to all inhabitants of Belmont Springs.

2. Hours of Programming--Initially, Belmont Springs ACC cable television will be producing four (4) hours of programming a day, seven days a week. At the end of the fifth year, we anticipate a minimum of six (6) hours of programming, seven days a week. If we can see that the public enjoys our programming and there is a demand for more, ACC will, to the best of its ability, expand our programming day to better meet the different needs of the city.

3. Future Programming Plans--ACC's corporate research facilities are exploring new innovations in the use of cable technology. Those items

under exploration at the present time are services such as:

a. Fire and Burglary Monitoring
b. Catalog Displays
c. Transportation Schedules
d. Reservation Services
e. Ticket Sales and Banking Services
f. Electronic Voting
g. Utility Meter Reading
h. Market Research Surveys
i. Industrial Training

It should be noted that the American Cable Company wishes to develop the cable system in Belmont Springs as a "model system." Because our corporate headquarters are in near-by Norwalk, it is very important for us to have the most current state-of-the-art system close at hand to field test the many new and exciting services available via cable technology. Belmont Springs is also important to ACC as a "showplace system," where Acc can demonstrate to visitors and city officials the advanced CATV technology.

The future programming plans for Belmont Springs include many new and exciting choices. Our plans to deliver these new programs and services, however, will not be imposed upon the city. ACC will create a citizens advisory committee to supplement the input of the Cable Commission to make recommendations about all new programming and services.

The establishment of a partnership between the American Cable Company and the City of Belmont Springs will provide the City with one of the most advanced cable television systems in existence to meet its present and future communications needs.

III. MAINTENANCE PROVISIONS

A. Number and Types of Technicians

ACC averages 1 technical employee per thousand subscribers. Eighty percent of our technical employees are categorized as installer/servicemen. Approximately ten percent of our technical employees are engineers with chief technicians filling the remaining percentage.

B. Number of Service Vehicles

This figure varies with topography, climate and system density. We currently average one vehicle (including district and local manager cars) per 800 subscribers. Number and types of major items of service equipment

1...1 signal level meter per technical employee

2...1 FET volt meter per technical employee

3...1 Sweep Alignment package per system. This package includes:

sweep generator .... variable attenuator
marker generator.... signal comparator
oscilloscope..... detector

4...Two-way communications for all vehicles

5...Test equipment for specialized application such as microwave maintenance, simultaneous system sweep, spectrum analyzer, et cetera, are normally assigned at District level.

C. Routine Preventive Maintenance Activities

This procedure includes periodic power supply monitoring, periodic signal level measurements and maintenance of historical records of specific amplifier location performance. Signal levels at every subscriber residence is recorded upon installation of service and during each service call. We are also required by the FCC to make specific performance tests.

D. Average Response Time For Service Calls

Service calls are normally completed the day received. Under only the most strenuous of extenuating circumstances would a service call response exceed 24 hours.

SECTION 4

SUBSCRIBER RATES AND CHARGES

The American Cable Company hereby submits its schedule of subscriber rates and charges in compliance with conditions established in the RFP and Ordinance No. 179-73. It should be noted that current FCC regulations do not permit discrimination in the charging of subscriber rates. However, ACC is willing to work with the City of Belmont Springs to file a petition for a waiver of the regulation and allow special rates for senior citizens and welfare recipients.

A. STANDARD RATES AND CHARGES

1. Initial tap-in and connection charges (TV and/or radio, residential, or commercial)-- $9.95*

   *Installation charges will be waived for residents who subscribe to the cable service while the section in which he resides is under construction. These charges may also be waived during periods of special subscriber promotions.

2. Additional installation at same location, each-- $2.00

3. Each repositioning at same location-- $5.00

B. Monthly Rates

1. First TV or TV/radio outlet, residential or commercial-- $6.00

2. Additional TV or TV/radio outlets, each-- 2.00

C. HOTELS, MOTELS, REST HOMES, AND HOSPITALS CONTAINING MORE THAN TEN (10) RENTAL UNITS TO WHICH SERVICE IS PROVIDED

1. Cost of installing service to buildings and units contained therein-- Time and Material

2. Monthly rates. . . . These rates are the same as single residential units.

D. MULTIPLE DWELLING UNITS (CONTAINED WITHIN ONE STRUCTURE OR A GROUP OF STRUCTURES LOCATED IN ONE COMPLEX) WHERE ALL SERVICE IS BILLED TO ONE CUSTOMER

1. Cost of installing service to buildings and units contained therein--Initial Installation $9.95

Others: Time and Material

2. Monthly rates, per TV outlet, according to the following schedule:

NUMBER OF DWELLING UNITS SERVED	
UP TO 5.	$5.00 EACH
6 THROUGH 49	3.75 EACH
50 THROUGH 99. . . .	2.50 EACH
100 AND OVER	1.50 EACH

E. SPECIAL CLASS SUBSCRIBERS

First TV or TV/Radio outlet only, residential or commercial-- $4.00

ENGINEERING CONSULTANTS OF NORWALK

3550 WALKER AVE.

MEMORANDUM

TO: Belmont Springs Cable Commission
FROM: Engineering Consultants of Norwalk
SUBJECT: Technical Evaluation

Pursuant to your request, Engineering Consultants of Norwalk has conducted an investigation of the technical standards contained in the proposals of the two applicants for the CATV franchise in Belmont Springs. Specific topics investigated were:

1. Technical design
2. Maintenance equipment
3. Proposed construction timetables.

Our staff found both companies to be highly competent; most likely either company would provide the city with excellent service. However, given the three categories above, we found the American Cable Company to have a slight edge over Mountain Communications Incorporated. The deciding category was technical design, where ACC's system was slightly more advanced.

NORWALK DAILY NEWS

EDITORIAL

The suburb of Belmont Springs is presently undergoing the task of selecting an operator for its cable television system. Two excellent local-based companies have applied for the franchise; American Cable Company and Mountain Communications Incorporated.

While either company would do a good job, we at the Norwalk Daily News urge that MCI be granted the franchise for Belmont Springs. Mountain Communications Incorporated presently holds three other franchises in the greater Norwalk area and is in negotiations with the City of Norwalk for its franchise.

If MCI received both the Belmont Springs and the Norwalk franchise, they could provide a metropolitan wide communications network, so very vital for the maximum utilization of cable television technology.

DECISION EXPLANATION SHEET #5

The Decision:

After reviewing the proposals, your group should have recommended that the American Cable Company be awarded the cable television franchise for Belmont Springs.

This decision is worth _____ points, if your selection was correct, give your team _____ points for the right decision and _____ points per correct selection reason as given below. Read the explanations and mark your scorecard.

The Explanation:

The selection of a franchisee represents one of the most difficult and crucial decisions for a local community in the cable decisionmaking process. Quite frequently the differences between the applicants' proposals are very hard to evaluate.

After scoring the applicants for the Belmont Springs franchise and reviewing the evaluation standards, the American Cable Company should have been selected for the following reasons:

1. ACC demonstrated superior financial capability. It was the applicant who provided proof it had the money necessary to construct the system.

2. ACC also demonstrated a more sound operating background and a better potential to furnish service. It did not have a large number of outstanding franchises to potentially slow the development of the system in Belmont Springs.
3. The technical consultant's report showed ACC to have a superior technical design, maintenance plan and installation timetable.
4. The number and quality of non-broadcast services offered by ACC was superior. ACC demonstrated its community interest by surveying community leaders prior to being granted the franchise to determine public interest in programming.
5. The rate schedule proposed by ACC was more reasonable for the services offered.

DECISION POINT #6

The Situation:

After a public hearing on the selection of the cable operator for Belmont Springs, the city council voted to award the franchise to the American Cable Company. Some months later, Belmont Springs received its Certificate of Compliance from the FCC and construction of the cable system in the city began.

It is now three years later. The cable system has been completed; much sooner than anticipated, and is delivering cable service to Belmont Springs residents. As anticipated, the cable service is very popular and opinion polls show that the greatest majority of the subscribers are pleased with the way the American Cable Company is running the cable system.

There is one group, however, who is most unhappy with the way the American Cable Company is operating its public access channel. The G.L.M. (Gay Liberation Movement), borrowed a portable half-inch videotape recorder from the ACC to produce a fifteen minute program for the public access channel to clear-up common misconceptions about gay bars in the Belmont Springs-Norwalk area. When the GLM took the completed tape back to the origination studio, they were assigned a time on the public access channel three days later.

When the time came for the program to be shown, the channel was blank. When they called the program manager at the origination studio, the G.L.M. was told the tape could not be shown because "it did not meet technical standards". The Gay Liberation Movement believes the American Cable Company is censoring their program and has appealed to the Belmont Springs Cable Commission.

The Task:

The Cable Commission has asked each side to present its version of the situation by filing a written brief. Your task is to review each brief, FCC regulations for public access channels, and approved ACC rules for public access channels and arrive at a decision.

The Decision:

Complete the following:

Based on the evidence presented, the Gay Liberation Movement ( ) should ( ) should not have been allowed to show their videotape.

Give a reason for the above decision:

_____

_____

_____

_____

When you have completed your decision and reasons, you may request Decision Explanation Sheet #6 from the G.O.D.

GLM BRIEF

Introduction

We, members of the Gay Liberation Movement of Belmont Springs, believe the American Cable Company has violated Section 76.251, Subparagraph 9, of the Federal Communications Commission's 1972 Cable Television Report and Order. In the next few paragraphs we will prove our claim and ask the Belmont Springs Cable Commission to allow our videotape to be shown.

The Situation

Approximately three weeks ago, a GLM member signed-out one of the American Cable Company's portable half-inch videotape recorders and a fresh reel of videotape to produce a fifteen minute program he had written on gay bars in the Belmont Springs-Norwalk area. The script was written so there would be no editing necessary. The program began with a brief introduction by our GLM president on common misconceptions about gay bars and then the writer took the viewers on a walking tour through three area gay bars to show gay bars are no different from "other" bars.

After videotaping the program, we played back the tape over the monitor. While we admit the production quality to be less than professional, there was a definite video image and a clear soundtrack.

The next day, the tape was taken to the American Cable Company's origination studio to be assigned a time slot on the public access channel. The GLM member was asked to read ACC's Access Rules and sign the application form. He was then given a time slot on the access channel three days later. When it was time for the program to be shown, the channel was blank. He called the ACC studio and was told the videotape could not be shown because it did not meet company program standards: it was too dark and the audio was garbled.

Conclusion

Again, we state the videotape was not of professional quality, but it was made well enough to distinguish both video and audio signals. The ACC did not state in either their rules or application that tapes must meet any production quality criteria. GLM members believe the American Cable Company is using production quality as an excuse to censor the content of the tape, an act, specifically prohibited by FCC cable television rules.

The quality of the tape is not really the issue here. At issue is the right of the cable operator to censor the content of a program using technical standards as an excuse. We believe a review of applicable FCC regulations will substantiate our claim and we therefore ask the Belmont Springs Cable Commission to grant our request and allow the tape to be shown.

ACC BRIEF

Introduction

The American Cable Company would like to thank the Belmont Springs Cable Commission for the opportunity to respond to a claim made against the company over the use of the public access channel by a community group. As you will see, our refusal to play their videotape was well-founded in both local and Federal Communications Commission regulatory policy.

The Situation:

Our records show that a member of the Gay Liberation Movement contacted our origination studios approximately three weeks ago to reserve a portable videotape recorder. To provide the best possible quality local origination productions, ACC requests that those interested in producing programs take a short (half hour) training session on the portable videotape recorder. The individual from the GLM told our program manager he had previous experience in using the recorder and would not require the training session.

Upon returning with the recorder and completed videotape, the individual was asked to routinely review our public access rules and read and sign the public access application form. As approved by the FCC and the Belmont Springs Cable Commission, the American Cable Company has the right to

preview all material cablecast over its public access channel. A preview of the tape showed a very poor video signal and a barely audible audio signal.

American Cable Company believes it has a responsibility to its many Belmont Springs subscribers to provide the best possible reception service. If we allow inferior technical quality programming to be shown over our local origination channels, ACC will be blamed for poor quality service even when the fault lies with the program materials. Further, poor quality may discourage the viewing of the public access channel and ultimately defeat its purpose. For the instance in question, ACC offered to provide assistance to the individual in the proper use of the recorder, but the assistance was refused.

Conclusion

We at American Cable Company believe we have a civic responsibility to the citizens of Belmont Springs to provide them with quality local origination programs. Our offer to provide training to the community group member was refused.

Our offer of equipment training for the GLM member remains, but the tape in question, in our opinion, cannot and should not be cablecast. We believe, a review of existing rules will verify our claim.

FCC CABLECASTING REGULATIONS

Subpart G—Cablecasting

§ 76.201 Origination cablecasting in conjunction with carriage of broadcast signals.

(a) No cable television system having 3,500 or more subscribers shall carry the signal of any television broadcast station unless the system also operates to a significant extent as a local outlet by origination cablecasting and has available facilities for local production and presentation of programs other than automated services. Such origination cablecasting shall be limited to one or more designated channels which may be used for no other purpose.

(b) No cable television system located outside of all major television markets shall enter into any contract, arrangement, or lease for use of its cablecasting facilities which prevents or inhibits the use of such facilities for a substantial portion of time (including the time period 6–11 p.m.) for local programing designed to inform the public on controversial issues of public importance.

(c) No cable television system shall carry the signal of any television broadcast station if the system engages in origination cablecasting, either voluntarily or pursuant to paragraph (a) of this section, unless such cablecasting is conducted in accordance with the provisions of §§ 76.205, 76.209, 76.213, 76.215, 76.217, 76.221, and 76.225.

§ 76.205 Origination cablecasts by candidates for public office.

(a) *General requirements.* If a cable television system shall permit any legally qualified candidate for public office to use its origination channel(s) and facilities therefor, it shall afford equal opportunities to all other such candidates for that office: *Provided, however,* That such system shall have no power of censorship over the material cablecast of any such candidate; *And provided, further,* That an appearance by a legally qualified candidate on any:

(1) Bona fide newscast,

(2) Bona fide news interview,

(3) Bona fide news documentary (if the appearance of the candidate is incidental to the presentation of the subject or subjects covered by the news documentary), or

(4) On-the-spot coverage of bona fide news events (including but not limited to political conventions and activities incidental thereto),

shall not be deemed to be use of the facilities of the system within the meaning of this paragraph.

NOTE: The fairness doctrine is applicable to these exempt categories. See § 76.209.

(b) *Rates and practices.* (1) The rates, if any, charged all such candidates for the same office shall be uniform, shall not be rebated by any means direct or indirect, and shall not exceed the charges made for comparable origination use of such facilities for other purposes.

(2) In making facilities available to candidates for public office no cable television system shall make any discrimination between candidates in charges, practices, regulations, facilities, or services for or in connection with the service rendered, or make or give any preference to any candidate for public office or subject any such candidate to any prejudice or disadvantage; nor shall any cable television system make any contract or other agreement which shall have the effect of permitting any legally qualified candidate for any public office to cablecast to the exclusion of other legally qualified candidates for the same public office.

(c) *Records, inspections.* Every cable television system shall keep and permit public inspection of a complete record of all requests for origination cablecasting time made by or on behalf of candidates for public office, together with an appropriate notation showing the disposition made by the system of such requests, the charges made, if any, and the length and time of cablecast, if the request is granted. Such records shall be retained for a period of 2 years.

(d) *Time of request.* A request for equal opportunities for use of the origination channel(s) must be submitted to the cable television system within one (1) week of the day on which the first prior use, giving rise to the right of equal opportunities, occurred: *Provided, however,* That where a person was not a candidate at the time of such first prior use, he shall submit his request within one (1) week of the first subsequent use after he has become a legally qualified candidate for the office in question.

(e) *Burden of proof.* A candidate requesting such equal opportunities of the cable television system, or complaining of noncompliance to the Commission, shall have the burden of proving that he and his opponent are legally qualified candidates for the same public office.

§ 76.221 Sponsorship identification.

(a) When a cable television system engaged in origination cablecasting presents any matter for which money, services, or other valuable consideration is either directly or indirectly paid or promised to, or charged or received by, such system, the system shall make an announcement that such matter is sponsored, paid for, or furnished, either in whole or in part, and by whom or on whose behalf such consideration was supplied: *Provided, however,* That "service or other valuable consideration" shall not include any service or property furnished without charge or at a nominal charge for use on, or in connection with, such cablecasting unless it is so furnished as consideration for an identification in a cablecast of any person, product, service, trademark, or brand name beyond an identification which is reasonably related to the use of such service or property on the cablecast.

(b) Each system engaged in origination cablecasting shall exercise reasonable diligence to obtain from its employees, and from other persons with whom it deals directly in connection with any program matter for origination cablecasting, information to enable it to make the announcement required by this section

(c) In the case of any political program or any program involving the discussion of public controversial issues for which any films, records, transcriptions, talent, script, or other material or services of any kind are furnished, either directly or indirectly, to a cable television system as an inducement to the origination cablecasting of such program, an announcement to this effect shall be made at the beginning and conclusion of such program: *Provided, however,* That only one such announcement need be made in the case of any such program of five (5) minutes' duration or less, either at the beginning or conclusion of the program.

(d) The announcements required by this section are waived with respect to feature motion picture films produced initially and primarily for theater exhibition.

§ 76.225 Per-program or per-channel charges for reception of cablecasts.

(a) Origination or access cablecasting operations for which a per-program or per-channel charge is made shall comply with the following requirements:

(1) Feature films shall not be cablecast which have had general release in theaters anywhere in the United States more than two (2) years prior to their cablecast: *Provided, however,* That during 1 week of each calendar month one feature film the general release of which occurred more than ten (10) years previously may be cablecast, and more than a single showing of such film may be made during that week: *Provided, further,* That feature films the general release of which occurred between two (2) and ten (10) years before proposed cablecast may be cablecast upon a convincing showing to the Commission that bona fide attempt has been made to sell the films for conventional television broadcasting and that they have been refused, or that the owner of the broadcast rights to the films will not permit them to be televised on conventional television because he has been unable to work out satisfactory arrangements concerning editing for presentation thereon, or perhaps because he intends never to show them on conventional television since to do so might impair their repetitive box office potential in the future.

NOTE: As used in this subparagraph, "general release" means the first-run showing of a feature film in a theatre or theatres in an area, on a nonreserved-seat basis, with continuous performances. For first-run showing of feature films on a nonreserved-seat basis which are not considered to be "general release" for purposes of this subparagraph, see note 56 in Fourth Report and Order in Docket No. 11279, 15 FCC 2d 466.

(2) Sports events shall not be cablecast which have been televised live on a nonsubscription, regular basis in the community during the two (2) years preceding their proposed cablecast: *Provided, however,* That if the last regular occurrence of a specific event (e.g., summer Olympic games) was more than two (2) years before proposed showing on cable television in a community and the event was at that time televised on conventional television in that community, it shall not be cablecast.

NOTE 1: In determining whether a sports event has been televised in a community on a nonsubscription basis, only commercial television broadcast stations which place a Grade A contour over the entire community will be considered. Such stations need not necessarily be licensed to serve that community.

NOTE 2: The manner in which this subparagraph will be administered and in which "sports," "sports events," and "televised live on a nonsubscription regular basis" will be construed is explained in paragraphs 288–305 in Fourth Report and Order in Docket No. 11279, 15 FCC 2d 466.

(3) No series type of program with interconnected plot or substantially the same cast of principal characters shall be cablecast.

(4) Not more than 90 percent of the total cablecast programing hours shall consist of feature films and sports events combined. The percentage calculations may be made on a yearly basis, but, absent a showing of good cause, the percentage of such programing hours may not exceed 95 percent of the total cablecast programing hours in any calendar month.

(5) No commercial advertising announcements shall be carried on such channels during such operations except, before and after such programs, for promotion of other programs for which a per-program or per-channel charge is made.

§ 76.209 Fairness doctrine; personal attacks; political editorials.

(a) A cable television system engaging in origination cablecasting shall afford reasonable opportunity for the discussion of conflicting views on issues of public importance.

NOTE: See public notice, "Applicability of the Fairness Doctrine in the Handling of Controversial Issues of Public Importance," 29 F.R. 10415.

(b) When, during such origination cablecasting, an attack is made upon the honesty, character, integrity, or like personal qualities of an identified person or group, the cable television system shall, within a reasonable time and in no event later than one (1) week after the attack, transmit to the person or group attacked: (1) Notification of the date, time, and identification of the cablecast; (2) a script or tape (or an accurate summary if a script or tape is not available) of the attack; and (3) an offer of a reasonable opportunity to respond over the system's facilities.

(c) The provisions of paragraph (b) of this section shall not be applicable: (1) To attacks on foreign groups or foreign public figures; (2) to personal attacks which are made by legally qualified candidates, their authorized spokesmen, or those associated with them in the campaign, on other such candidates, their authorized spokesmen, or persons associated with the candidates in the campaign; and (3) to bona fide newscasts, bonafide news interviews, and on-the-spot coverage of a bona fide news event (including commentary or analysis contained in the foregoing programs, but the provisions of paragraph (b) of this section shall be applicable to editorials of the cable television system).

(d) Where a cable television system, in an editorial, (1) endorses or (2) opposes a legally qualified candidate or candidates, the system shall, within 24 hours after the editorial, transmit to respectively (i) the other qualified candidate or candidates for the same office, or (ii) the candidate opposed in the editorial, (*a*) notification of the date, time, and channel of the editorial; (*b*) a script or tape of the editorial; and (*c*) an offer of a reasonable opportunity for a candidate or a spokesman of the candidate to respond over the system's facilities: *Provided, however*, That where such editorials are cablecast within 72 hours prior to the day of the election, the system shall comply with the provisions of this paragraph sufficiently far in advance of the broadcast to enable the candidate or candidates to have a reasonable opportunity to prepare a response and to present it in a timely fashion.

§ 76.213 Lotteries.

(a) No cable television system when engaged in origination cablecasting shall transmit or permit to be transmitted on the origination cablecasting channel or channels any advertisement of or information concerning any lottery, gift enterprise, or similar scheme, offering prizes dependent in whole or in part upon lot or chance, or any list of the prizes drawn or awarded by means of any such lottery, gift enterprise, or scheme, whether said list contains any part or all of such prizes.

(b) The determination whether a particular program comes within the provisions of paragraph (a) of this section depends on the facts of each case. However, the Commission will in any event consider that a program comes within the provisions of paragraph (a) of this section if in connection with such program a prize consisting of money or thing of value is awarded to any person whose selection is dependent in whole or in part upon lot or chance, if as a condition of winning or competing for such prize, such winner or winners are required to furnish any money or thing of value or are required to have in their possession any product sold, manufactured, furnished, or distributed by a sponsor of a program cablecast on the system in question.

§ 76.215 Obscenity.

No cable television system when engaged in origination cablecasting shall transmit or permit to be transmitted on the origination cablecasting channel or channels material that is obscene or indecedent.

§ 76.217 Advertising.

A cable television system engaged in origination cablecast programing may present advertising material at the beginning and conclusion of each such program and at natural intermissions or breaks within a cablecast: *Provided, however*, That the system itself does not interrupt the presentation of program material in order to intersperse advertising: *And provided, further*, That advertising material is not presented on or in connection with origination cablecasting in any other manner.

NOTE: The term "natural intermissions or breaks within a cablecast" means any natural intermission in the program material which is beyond the control of the cable television operator, such as time-out in a sporting event, an intermission in a concert or dramatic performance, a recess in a city council meeting, an intermission in a long motion picture which was present at the time of theatre exhibition, etc.

§ 76.251 Minimum channel capacity; access channels.

(a) No cable television system operating in a community located in whole or in part within a major television market, as defined in § 76.5, shall carry the signal of any television broadcast station unless the system also complies with the following requirements concerning the availability and administration of access channels:

(1) *Minimum channel capacity.* Each such system shall have at least 120 MHz of bandwidth (the equivalent of 20 television broadcast channels) available for immediate or potential use for the totality of cable services to be offered;

(2) *Equivalent amount of bandwidth.* For each Class I cable channel that is utilized, such system shall provide an additional channel, 6 MHz in width, suitable for transmission of Class II or Class III signals (see § 76.5 for cable channel definitions);

(3) *Two-way communications.* Each such system shall maintain a plant having technical capacity for nonvoice return communications;

(4) *Public access channel.* Each such system shall maintain at least one specially designated, noncommercial public access channel available on a first-come, nondiscriminatory basis. The system shall maintain and have available for public use at least the minimal equipment and facilities necessary for the production of programing for such a channel. See also § 76.201;

(5) *Education access channel.* Each such system shall maintain at least one specially designated channel for use by local educational authorities;

(6) *Local government access channel.* Each such system shall maintain at least one specially designated channel for local government uses;

(7) *Leased access channels.* Having satisfied the origination cablecasting requirements of § 76.201, and the requirements of subparagraphs (4), (5), and (6) of this paragraph for specially designated access channels, such system shall offer other portions of its nonbroadcast bandwidth, including unused portions of the specially designated channels, for leased access services. However, these leased channel operations shall be undertaken with the express understanding that they are subject to displacement if there is a demand to use the channels for their specially designated purposes. On at least one of the leased channels, priority shall be given part-time users;

(8) *Expansion of access channel capacity.* Whenever all of the channels described in subparagraphs (4) through (7) of this paragraph are in use during 80 percent of the weekdays (Monday-Friday) for 80 percent of the time during any consecutive 3-hour period for 6 consecutive weeks, such system shall have 6 months in which to make a new channel available for any or all of the above-described purposes;

(9) *Program content control.* Each such system shall exercise no control over program content on any of the channels described in subparagraphs (4) through (7) of this paragraph; however, this limitation shall not prevent it from taking appropriate steps to insure compliance with the operating rules described in subparagraph (11) of this paragraph;

(10) *Assessment of costs.* (i) From the commencement of cable television service in the community of such system until five (5) years after completion of the system's basic trunk line, the channels described in subparagraphs (5) and (6) of this paragraph shall be made available without charge.

(ii) One of the public access channels described in subparagraph (4) of this paragraph shall always be made available without charge, except that production costs may be assessed for live studio presentations exceeding 5 minutes. Such production costs and any fees for use of other public access channels shall be consistent with the goal of affording the public a low-cost means of television access;

(11) *Operating rules.* (i) For the public access channel(s), such system shall establish rules requiring first-come nondiscriminatory access; prohibiting the presentation of: Any advertising material designed to promote the sale of commercial products or services (including advertising by or on behalf of candidates for public office); lottery information; and obscene or indecent matter (modeled after the prohibitions in §§ 76.213 and 76.215, respectively); and permitting public inspection of a complete record of the names and addresses of all persons or groups requesting access time. Such a record shall be retained for a period of 2 years.

(ii) For the educational access channel(s), such system shall estabish rules prohibiting the presentation of: Any advertising material designed to promote the sale of commercial products or services (including advertising by or on behalf of candidates for public office); lottery information; and obscene or indecent matter (modeled after the prohibitions in §§ 76.213 and 76.215, respectively) and permitting public inspection of a complete record of the names and addresses of all persons or groups requesting access time. Such a record shall be retained for a period of 2 years.

(iii) For the leased channel(s), such system shall establish rules requiring first-come, nondiscriminatory access; prohibiting the presentation of lottery information and obscene or indecent matter (modeled after the prohibitions in §§ 76.213 and 76.215, respectively); requiring sponsorship identification (see § 76.221); specifying an appropriate rate schedule and permitting public inspection of a complete record of the names and addresses of all persons or groups requesting time. Such a record shall be retained for a period of 2 years.

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AMERICAN CABLE COMPANY

ACCESS RULES

1. Purpose

The rules and regulations set forth hereinbelow are adopted pursuant to the requirements of Section 76.251 of the Rules of the Federal Communications Commission (FCC) and govern the availability and use of the public access, educational and leased channels of American Cable Company (hereinafter referred to as "Operator") maintained on its cable television system serving Belmont Springs.

2. Definitions

a. Lottery. Any device, scheme, plan, promotion, contest or other program and/or presentation which involves directly or indirectly the elements of prize, chance and consideration; or any such device, scheme, plan, promotion, contest or other program and/or presentation which is, has been or may be declared a lottery under applicable local, state or Federal law.

b. Lottery Information. Any advertising or information concerning any lottery, gift enterprise, or similar scheme offering prizes dependent in whole or in part upon lot or chance, or any list drawn or awarded by means of any such lottery, gift enterprise, or scheme, whether said list contains any part or all of such prizes.

c. Obscene or Indecent Material. Any material in a program and/or presentation which would subject the producer or supplier thereof to prosecution under local, state or Federal law for the production or presentation of obscene or indecent material.

3. Operating Rules Governing All Access Channels

(a) No program, production or presentation which involves directly or indirectly any lottery information or which involves a lottery shall be transmitted or permitted to be transmitted on any access channel.

(b) No program, production or presentation which involves any obscene or indecent material shall be transmitted or permitted to be transmitted on any access channel.

(c) No program, production, or presentation which involves any other prohibited material as stated in these Rules or in the FCC rules shall be transmitted or permitted to be transmitted on any access channel.

(d) Operator will require an access channel user to submit User's program material to Operator for Operator to preview prior to actual transmission and/or dissemination over Operator's cable television facilities. Operator may waive this requirement in extraordinary circumstances, including cases of emergency involving public health, safety or welfare. Operator is authorized to delete any portions of

the material to be transmitted and/or disseminated which Operator reasonably believes may subject it to any kind of liability under applicable law. Such previewing does not, however, release User from any responsibility for the nature of User's program material.

(e) Operator reserves the right to require an access channel user to post bond when the User has been guilty of a previous violation of the FCC rules.

4. Operating Rules Governing Public Access Channel

(a) The public access channel, shall be available for access cablecasting to any person, group, organization or other entity on a first-come, non-discriminatory basis upon the filing of an appropriate request therefor in accordance with Section 5 hereof, and consistent with the availability of the public access channel at the time and for the duration requested.

(b) Basic facilities will be available for public use for the production of programming for the public access channel. Such facilities will be made available without charge for live studio presentations not exceeding 15 minutes. Where Operator has required User to videotape User's program material for preview, no charge will be made for 15 minutes of studio production costs, and charges for productions longer than 15 minutes will be only for the costs of a live studio presentation.

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5. Applications for Access Channels

(a) Applications for use of the public, educational or leased access channels shall be submitted in writing on Operator's application form and shall identify the proposed access user by name and address.

(b) All requests shall be promptly processed on a first-come non-discriminatory basis. In cases in which requests are received for the same date and time, the earlier request will be given preference. An applicant may specify alternative dates and times in his initial request.

AMERICAN CABLE COMPANY

CABLE CHANNEL

ACCESS APPLICATION & AGREEMENT

between *American Cable Company* ("Operator")

and _____ ("Applicant").

1. Applicant's Address: _____

_____

2. Access Channel Desired: Public ( ), Educational ( ), or Leased ( ).

3. Date (or Dates) Desired: _____

4. Time Segment (e.g., 4:00 - 4:15 p.m.): _____

5. Nature of Cablecast - Live, tape, film.

6. Production facilities and personnel of Operator which will be necessary for presentation of the access cablecast:

7. Acceptance of this application is conditioned upon the following terms:

   a. Operator reserves the right to require Applicant to submit its program material to Operator for Operator to review at Applicant's expense prior to actual transmission and/or dissemination over Operator's cable television facilities. Operator is hereby authorized by Applicant to delete any portions of the material to be transmitted and/or disseminated which Operator reasonably believes may subject it to any kind of liability under applicable law.

   b. In the event that the Applicant's programming carried on the Operator's cable television facilities causes

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transmission interference or distortion to Operator's other transmissions, or transmissions of others which Operator is contractually obligated to protect, the Operator has the right to halt Applicant's transmission until the distortion is eliminated.

c. Applicant releases and forever discharges Operator, Operator's officers, directors and employees, and Operator's successors and assigns, of and from any liability, loss, claim, cost, or damage of any nature whatsoever which Applicant ever had, has or may ever have at any time against Operator on account of or arising out of Applicant's appearance on or use of Operator's Access Channels.

Applicant:

(Date)_____(Sign)_____

Approved by Operator:

(Date)_____(Sign)_____

DECISION EXPLANATION SHEET #6

The Decision:

Based on the evidence presented, the Gay Liberation Movement should have been allowed to show their original videotape over the American Cable Company's public access channel as long as it did not contain obscene material, advertising or lottery material.

This decision is worth _____ points. If you made the correct decision, give your term _____ points for the correct decision, and _____ more points if your reason was the same or very similar to the reason stated below. Read the explanation and mark your scorecard.

The Explanation:

The Federal Communications Commission has established rules for the public access channels that contain these provisions:

- Public access must be on a first-come, non-discriminatory basis.
- Advertising is prohibited for commercial products or services, or on behalf of any candidate for public office.
- Lotteries and obscene or indecent matter are prohibited.
- Facilities for live studio presentations of five minutes or less must be provided free of charge.

Beyond these restrictions, the cable operator cannot exercise control over who uses the channel and what content

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is presented. In the FCC explanation of these rules, and in the city council approved access rules for the American Cable Company, there were no provisions or criteria established for public access programming. One of the purposes of public access is to assure the greatest diversity of ideas and opinions even if the picture is dark and the audio is garbled.

It appeared, in this case, that the American Cable Company was using technical standards as an excuse to censor what they thought might be potentially questionable programming. It is highly unlikely that the playing of the videotape could have damaged the origination equipment. And if they were opposed to the program because they thought it to be indecent, they should have labeled it as such and handled the matter in that light.

The cable operator should warn producers of poor technical quality tapes and try to help them to improve the quality (as ACC offered), but the operator does not have the legal ground to refuse tapes solely on technical quality grounds.

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CHAPTER III

FEEDBACK AND EVALUATION DATA

Two of the most important components of the ten step instructional development model developed by Gerlach and Ely (Figure 1) are the last two: evaluation of performance and the analysis of feedback. It is here the developer finds out how well he has achieved the other eight steps of development. This chapter reports the information gained in two field test evaluations of the Cable Television Planning Exercise. More specifically, this chapter will report:

1. Evaluation Procedure
2. Evaluation Results
3. Evaluation of Feedback and Recommendations

Evaluation Procedures

The Cable Television Planning Exercise was field tested and evaluated twice during the various stages of its development. The first field test was for Decision Points One to Four with a class of graduate students in the Department of Television-Radio at Michigan State University. The second field test included Decision Points One to Five with a group of the writer's friends who have varying vocational and academic backgrounds. Decision Point Six has been evaluated

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informally, but not in an actual gaming situation. It should be noted that in each of the two completed field test situations, members of the groups have been involved with community groups in planning cable television services. At the writing time of this chapter, at least two other field tests have been planned: one with a Joint Legislative Study Committee on Cable Television in the Michigan Legislature, and the other with a special projects class in cable television at Michigan State University.

An analysis of the entry behavior of the game participants in Field Test I showed varying degrees of knowledge about cable television. As noted, some had prior cable planning experience. Others had studied cable television in their classes. Still others had only a cursory knowledge of the subject. The entry behaviors for Field Test II were similar: Prior experience to an introductory knowledge of cable television. A total of ten participants took part in Field Test I, six participants in Field Test II.

In both tests, participants were given an opportunity to evaluate the game and provide feedback in two ways: by the use of short feedback sessions at the end of each decision point, and by the use of a written opinion questionnaire administered at the end of the playing session. Many of the oral comments reflected responses given in the questionnaire.

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The questionnaire was designed to obtain participant responses to a number of different types of information. Perhaps the most important questions asked were those pertaining to how well the game achieved its specified objectives. Another set of questions solicited information about the "gameability" of the simulation, and yet other questions pertained to how well participants "liked" the game and what suggestions they had for improvement.

The responses to Field Test I were tabulated immediately after the playing session and certain refinements were built into the second prototype used for Field Test II. The same feedback procedure was used after the second playing session. The questionnaire and the responses to the questions for the two field tests situations are contained in the next section of this chapter.

Evaluation Results

Below are the compiled evaluations of both Field Test I and II. The responses were tabulated on the same form administered to the participants.

TABLE 2

FIELD TEST I EVALUATION OF THE CABLE TELEVISION PLANNING EXERCISE

---

1. How well do you feel you learned a systematic process for determining cable television policy in local communities? (Check one)

   1 (2) fully 2 (6) 3 (1) 4 (1) 5 ____ not at all

2. Do you feel you are more sensitive to some of the options available to local communities in cable television planning?

   yes (9) no (1)

3. How well does the C.T.P.E. give you a glimpse of the dynamics of determining cable television decision?

   1 ____ not at all 2 (1) 3 ____ 4 (3) 5 (6) well

4. Which of the below best describes the exercise instructions?

   clear & concise (4) flexible (4) adequate (2)

   inadequate ____

   Do you have any suggestions: (2) (Language level perhaps complex for all audiences) (Simplify language)

5. To what degree did you become involved in the C.T.P.E. exercise?

   1 (6) highly 2 (4) 3 ____ 4 ____ 5 ____ apathetic

6. Do you feel this exercise is an accurate model of the reality it is attempting to represent?

   1 ____ inaccurate 2 (1) 3 ____ 4 (6) 5 (3) accurate

continued

TABLE 2--Continued

7. How do you rate this exercise on the clarity scale below?

1	2	3	4	5
impossible to understand		confusing (1)	(8)	easy to understand (1)

8. How do you feel about the information given in the decision points?

1	2	3	4	5
not enough		adequate (4)	(5)	too much (1)

9. Have you ever participated in an activity similar to the C.T.P.E. before?

Yes (4) No (6)

10. Any comments or suggestions: (6) Sharpen conflicts in decision points; simplify language; very involving & enjoyable; use media to introduce game; adapt language for non-college audience; challenging!

TABLE 3

FIELD TEST II EVALUATIONS OF THE CABLE TELEVISION PLANNING EXERCISE

---

1. How well do you feel you learned a systematic process for determining cable television policy in local communities? (Check one)

   1 (4) full 2 (2) 3 ____ 4 ____ 5 ____ not at all

2. Do you feel you are more sensitive to some of the options available to local communities in cable television planning?

   yes (6) no (0)

3. How well does the C.T.P.E. give you a glimpse of the dynamics of determining cable television decisions?

   1 ____ not at all 2 ____ 3 ____ 4 (2) 5 (4) well

4. Which of the below best describes the exercise instructions?

   clear & concise (4) flexible (2) adequate ____

   inadequate ____

   Do you have any suggestions: ____

   (Vocabulary level may be problem with some audiences)

5. To what degree did you become involved in the C.T.P.E. exercise?

   1 (5) 2 (1) 3 ____ 4 ____ 5 ____

6. Do you feel this exercise is an accurate model of the reality it is attempting to represent?

   1 ____ inaccurate 2 ____ 3 ____ 4 (1) 5 (5) accurate

continued

TABLE

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10.

TABLE 3--Continued

7. How do you rate this exercise on the clarity scale below?

1	2	3	4	5
impossible to understand		confusing	(4)	(2) easy to understand

8. How do you feel about the information given in the decision points?

1	2	3	4	5
not enough		(1) adequate	(4)	(1) too much

9. Have you ever participated in an activity similar to the C.T.P.E. before?

yes (2) no (4)

10. Any comments or suggestions: (3) (Too much paper)

(Very interesting) (Learned something)

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Evaluation of Feedback and Results

From the information contained in Tables 2 and 3, certain tentative conclusions can be drawn about the effectiveness of the Cable Television Planning Exercise. The word "tentative" is used because the writer recognizes that the number of evaluations obtained cannot, at this point, be said to be representative of the universe of possible game participants.

It appears, based on the information obtained, that the participants felt they did achieve the objectives specified in the game. In Field Test I, the responses to Questions 1, 2, and 3, weighted heavily at the positive end of the scale. Field Test I participants were told at the beginning of the simulation that they would not be playing the entire six decision point game, which may account for the number of responses not marked under the "fully" alternative for Question 1. The same situation existed for Field Test II.

Over both field tests, the greatest majority (9-1 and 6-0) of participants believed they were more sensitive to issue options in planning cable television policy now than before playing the simulation. And, as for how well the game gave participants a glimpse of the dynamics or group interactions involved in making cable television decisions, nine of ten and four of six participants agreed the simulation was an accurate representation.

In addition to specified objectives, participants were asked general questions about the simulation game. Perhaps the most encouraging to the writer were the responses to Questions 5 and 6. In both field test situations, the participants favorably responded to the game as an accurate model of the reality it is attempting to represent, and (Question 5) found that reality construct to be a highly involving learning situation. Note too that the responses to Questions 5 and 6 improved percentage wise from Field Test I to II; a result that could possibly be attributed to the writer's revision of certain decision points.

A final question, and probably the most valuable to the writer, asked game participants to provide written comments and suggestions for improvement. One of the most common suggestions was to "lower" the vocabulary level in the game to be more representative of all possible audiences. This was done after Field Test I, but there was a similar comment made on the second field test. It may be necessary to further revise the material.

Another comment made after Field Test I was used to modify the initial prototype; the writer reviewed some of the decision points and revised the information to heighten the conflict. A comment also made after the first field test suggested the introduction of slides, tape, etc., to present decision point information. This may be done in future revisions of the game to add another dimension to the playing

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sessions. The game, however, should be designed to allow playing groups the option to use print or non-print versions.

In conclusion, the information received from the two field tests have provided some indication as to not only the validity of the simulation game design, but also as to the use of simulation games in general to handle complex cognitive and affective behaviors. Given the time constraints of an instructional or community group setting, a properly designed simulation game appears to be a most efficient means of not only acquainting participants with certain cognitive cable issues, but also to provide them with perhaps a more valuable sensitivity toward the problems communities face in developing local cable television policy.

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