

CATV: A REGULATORY HISTORY AND
A SURVEY OF ATTITUDES OF COMMERCIAL
TELEVISION STATION MANAGERS

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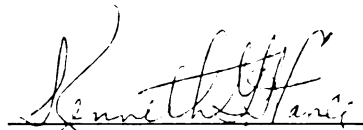


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ABSTRACT

CATV: A REGULATORY HISTORY AND A SURVEY OF ATTITUDES OF COMMERCIAL TELEVISION STATION MANAGERS

By

Roderick David Rightmire

Commercial Community Antenna Television, commonly called CATV or Cable Television, has been in existence since 1950. However, the place of CATV in this country's total communications system is still poorly defined. The character of CATV has changed significantly over the years, from a small-scale, fill-in television distribution system to a potential multi-purpose communications service. It would appear that CATV is in the midst of one of the most crucial periods in its history. Although certain regulatory principles have been established, a final decision on the appropriate role of cable television is yet to be made. Regardless of what that decision may be, it will be the individual television stations which will be affected most directly by the services which the cable systems provide. Against this background, it was considered important to know the attitudes of commercial broadcasters toward the development of CATV. To accomplish that purpose, this study was undertaken.

In order to understand the context within which the attitudes of respondents would be expressed, an account of the regulatory history of cable television was needed. This information, which was drawn primarily from government documents and court cases, is presented in Chapter II.

The attitude portion of the research, which is reported in Chapters III and IV, was obtained from the responses to a questionnaire which was mailed to the manager of every commercial television station in the continental United States. Of the 588 questionnaires which were sent, 258 (43.8%) were completed and returned. Three types of information were sought. Part I of the questionnaire asked for descriptions of certain characteristics of individual stations and markets. In Part II, twenty-five questions were asked in which managers were requested to indicate their attitudes toward CATV by checking one of three prescribed response categories. Part III provided for expanded opinions regarding specific CATV problems through replies to open-ended questions. The responses to the questions in Part II were broken out separately and compared among the various descriptive categories in Part I.

The results of the study indicated clearly that a majority of the commercial television station managers who participated in the survey had what must be classified as a consistently negative, or pessimistic, attitude toward the development of community antenna television. Three groups

were more favorable than others toward CATV: (1) managers who were involved financially in cable television, (2) operators of stations in the top 25 markets, and (3) managers of independent stations. However, most managers responded in a manner which indicated their concern that CATV should not upset our present system of broadcasting or adversely affect the welfare of the individual stations which compose that system.

While the opportunity was made available in the questionnaire for respondents to provide insight into the future of CATV, most managers replied to the questions in light of current situations. In general, they were either unable or unwilling to consider alternative circumstances in which their stations might be able to provide comparable or better television service. The perception by the station operators of a competitive relationship between CATV and the television industry was evident throughout the study. For instance, over one-fifth of the responses to an open-ended question in Part III of the questionnaire indicated that CATV could provide no local service which was not feasible over a regular broadcast TV channel.

Several conclusions, which have implications for the future of CATV, were suggested by the research and are reported in the final chapter together with recommendations for further study. It is hoped that additional research

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will be completed in order to provide information which is needed to develop and build an efficient and effective national communications system.

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CHAPTER I

INTRODUCTION

CATV: A Brief Description

Community Antenna Television, commonly called CATV or Cable Television, is believed to have started on an experimental basis at Astoria, Oregon, in 1949. One year later, in October, 1950, the first commercial system went into operation at Lansford, Pennsylvania.¹ Modest initial growth of the cable industry is indicated by the fact that in 1952 only seventy systems were serving 14,000 subscribers,² most of whom lived in small communities in remote geographical areas where normal television reception was either poor or non-existent. As CATV technology improved, and as more businessmen realized the potential profit in cable service, the industry grew dramatically. By January 1, 1954, 300 cable systems were providing signals to 65,000 homes, and

¹U. S., Federal Communications Commission, 31st Annual Report for the Fiscal Year 1965 (Washington, D.C.: Government Printing Office, 1965), p. 78.

²CATV and Station Coverage Atlas (Washington, D.C.: Television Digest, Inc., 1969), p. 4a.

seven years later, in 1961, 700 CATV operations claimed 725,000 subscribers. As of February 7, 1969, 2,300 systems were providing television antenna service to more than 3,600,000 subscribers.³

The basic principle of CATV is simple. The signal which is transmitted from a television station has "line-of-sight" characteristics. That is, if obstructions, such as mountains or groups of tall buildings, are between the station and the receiver, the signal will be blocked or reflected and will not reach the TV set with acceptable quality. A simple cable television system eliminates this problem by placing a highly sensitive receiving antenna on the highest point in the area, often a tower which has been built for the purpose. The signals which are picked up on this master antenna are then amplified and fed through wires which usually are attached to utility poles in the community. An individual connection, or "drop", is installed at the home of each subscriber. These wires come into the house in much the same manner as telephone lines. A small outlet is placed on the wall to which a wire is connected from the television set. This installation then replaces the individual antenna which had been used previously.

There are usually two charges for CATV service. The first is a one-time installation fee, between ten and twenty

³Ibid.

dollars. After the initial connection has been made, each subscriber pays a monthly charge of about five dollars. Of course, specific amounts vary among systems, but these fees represent typical charges.⁴ ✓

Reference was made earlier to the fact that the "simple cable system" utilizes a master antenna at a favorable location in or near the community. Some systems find this method inadequate because they are too far from some stations to receive direct off-the-air signals or their subscribers may desire a greater variety of stations than can be supplied by such a CATV facility. To overcome these reception problems, some cable systems extend the reach of distant stations by amplifying television signals and relaying them to the master receiving site. Subscribers to these systems are provided with a greater choice of television stations than would ever be possible otherwise.

The early cable services were limited to a maximum of five channels and the latest available information indicates that 572 systems still provide five, or fewer, television signals.⁵ Early improvement in technology, however, permitted twelve channels in 1953; and today systems with a capacity for twenty different signals are being installed.⁶ As of

⁴Ralph Lee Smith, "The Battle Over Cable TV," The New York Times Magazine, May 26, 1968, p. 35.

⁵CATV Atlas, p. 4a.

⁶Smith, "The Battle," p. 37.

February 7, 1969, 1,559 cable systems provided between six and twelve channels; and 29 systems had over twelve signals available for their subscribers.⁷

Even though the growth of cable has been rapid and dramatic, it should be pointed out that most of the systems serve relatively few people. Over half of the CATV facilities which are currently in operation have fewer than 1,000 subscribers per system. Only six percent have more than 5,000 homes connected; and the largest CATV operation in the country, in San Diego, California, has 35,429 subscribers.⁸ This compares with a total of 370,000 available television homes in the San Diego metropolitan market area.⁹ Nationally, approximately 6.4% of the television homes are connected to CATV.¹⁰

Although the size of individual cable communities may vary greatly, it has been necessary to locate CATV in areas where there are population concentrations. The distribution of television to rural areas by cable has proved to be prohibitive from the standpoint of both cost and efficiency. However, it seems inevitable that CATV technology, which has

⁷CATV Atlas, p. 4a.

⁸Ibid.

⁹"Television Household Data," Spot Television Rates and Data, LI (September 15, 1969), 77.

¹⁰Compiled from information in CATV Atlas, p. 4a, and Spot Television Rates and Data, p. 26.

advanced so far in such a short time, will ultimately solve this problem.

Another important aspect of community antenna television concerns the cross-ownership patterns between CATV and related industries. Of the 2,300 cable systems which were operating as of February 7, 1969, 6.5% were owned by telephone companies and 9.6% by newspaper and publishing interests. In view of the fact that the responses to the attitude survey which is reported in subsequent chapters were obtained from managers of commercial television stations, it is particularly significant to note that 32.2% of the CATV services were owned by broadcasters.¹¹

Although variety of television station signals and improved quality of reception, particularly color, are the primary reasons for the success of cable television, supplementary originations by the systems themselves provide services which also are attractive to subscribers. For many years, CATV has programmed automated services such as time and weather information or pictures of wire service news teletypes or stock tickers. More recently, cable channels have presented local originations such as live news and sports, public service programs, and film. These services are provided on separate channels on the subscriber's set, just as a television station is given a channel allocation.

¹¹CATV Atlas, p. 4a.

A total of 883 of the existing systems provide some sort of CATV origination. Of these, 825 have automated services, the most common of which is a time and weather channel; and 282 present non-automated local originations. Another 156 systems say that they plan some sort of origination in the future.¹²

While it is believed by many people that most cable television systems have not begun to provide the variety of services which will be available in the future, the 1969 Broadcasting Yearbook reports that the so-called future may have arrived in some communities.

In Olean, N. Y., a closed-circuit TV surveillance system, under the control of the city's police department, was set up by the local CATV to monitor Olean's main business district 24 hours a day. In California a marketing firm tested a computerized device that reportedly provided 100% read-out as to what and when cable subscribers are viewing.

Subscribers to the Valley Vision Cable Television in Placerville, Calif., received via CATV a televised local daily newspaper. And in Colorado Springs, a cable system was being installed with two-way communication facilities in preparation for the day when that CATV will offer extra services for computers, facsimile newspapers and data retrieval.¹³

One of the reasons that CATV has not made greater strides in local origination may be the regulatory uncertainty which has been generated by the Federal Communications Commission and by some state governments. As cable television has

¹²Ibid.

¹³"1969 Promises More CATV," Broadcasting Yearbook (Washington, D.C.: Broadcasting Publications, Inc., 1969), p. 24.

developed, the FCC has gradually altered its views with regard to its role in regulating the new industry. The result has been confusion on the part of the CATV operator as well as the television broadcaster.

Statement of the Problem

The research which is reported in this study is in two parts: (1) a compilation of the regulatory history of Community Antenna Television in the United States, and (2) a survey of the attitudes of all commercial television station managers toward the present status and future expansion of CATV, with particular emphasis upon the potential effects of current and proposed regulations.

Limitations Imposed

Many facets of Community Antenna Television need and deserve thorough investigation. However, limitations imposed by lack of time and financial resources dictated that this study should be narrow in scope and specific in its objectives. It is hoped that the research which is reported herein can be combined with other sources in providing information which will be useful in the development of an efficient and effective national communications system.

An attempt was made to limit the investigation of cable television to the following:

1. Writings by scholars, critics, and practitioners on the matter of the regulatory aspects of CATV and the industry's relationship to television broadcasting.
2. Key decisions and statements from the Federal Communications Commission relative to its role in CATV regulation.
3. Key court cases which have resolved important issues related to cable television and/or which have established precedent for future development.
4. The results of an attitude questionnaire which was sent to the manager of every commercial television station in the continental United States.

Significance and Justification of Research

As indicated earlier, commercial Community Antenna Television has been in existence since 1950. However, the place of cable in this country's total communications system is still poorly defined. The character of CATV has changed significantly over the years, from a small-scale, fill-in television distribution system to a potential multi-purpose communications service. Therefore, it would appear that CATV is in the midst of the most crucial period in its history. Although certain regulatory principles have been established, a final decision on the appropriate role of cable television is yet to be made. Its current status has been summarized in the 1969 Broadcasting Yearbook, which cited an independent study that had been prepared by Drexel Harriman Ripley, Incorporated, a Philadelphia institutional research firm:

Terming the industry "a powerful new force in communications" the firm said CATV challenged present institutions by effecting in time a subordinate communications for the telephone in the home, affecting broadcasting and network programming, changing politics, and, "if advertising is permitted," changing retailing.

"The key to the growth rate of cable communications is the legislative and regulatory climate," the firm said. "Regardless of the climate, CATV, we believe, is an inexorable force. It is a service that the public wants, needs, and in time demands."¹⁴

Against this background, it is important to know the attitudes of commercial broadcasters toward the development of cable. To accomplish that purpose, this attitude study was undertaken.

In order to understand the context within which answers would be given, an account of the regulatory history of CATV was needed. One such history had been published in TV and Communications¹⁵ in 1965, but that was prior to the release of the FCC's first comprehensive cable television rules on March 4, 1966.¹⁶ The accounts of the events which have had great effect upon the industry since that date have not been compiled and are available only in such publications as documents, yearbooks, and trade publications. Therefore, the documentation of the development of CATV which is reported in this study is believed to be the only current history of the regulatory aspects of cable television.

¹⁴Ibid., p. 23.

¹⁵Robert D. L'Heureux, "The CATV Industry: Its History, Nature and Scope" (Parts I, II, III, IV, V, VI), TV and Communications, II (May, June, July, August, September and October, 1965).

¹⁶Second Report and Order, 2 FCC 2d 745-746 (1966).

No evidence has been found which would indicate that anyone has attempted to survey the attitudes of commercial managers toward existing and projected effects of CATV on the television industry. However, it is the individual television station which is most directly affected by the services which the cable system provides. In many cases, signals are extended so that a station's audience is increased significantly. On the other hand, CATV may cause audience fragmentation which has an adverse effect on the station's competitive position. Also, ownership patterns provide an interesting dilemma. A broadcaster who is financially involved in cable is likely to perceive the problems of CATV much differently than is a manager who does not own a cable system.

It is hoped that the documentation of the regulatory history of cable television, together with a report and analysis of the responses to the attitude survey, will provide insight into the problems which must be faced in assuring future success of any communications system which may be created.

Methods of Research

Three distinct methods of research were employed in the process of gathering and presenting the information in this study.

Chapter II is based completely upon the historical approach. It was necessary to review journals, trade

publications, books, periodicals, government documents, and court cases in an effort to identify significant events in the growth and development of community antenna television.

The survey method of research was used in order to gather the material for Chapters III and IV. A mail questionnaire was sent to every commercial television station manager in the continental United States. Three types of information were sought: (1) descriptions of certain characteristics of individual stations and markets, (2) attitudes toward CATV as expressed by checking prescribed response categories, and (3) expanded opinions regarding specific CATV problems through replies to open-ended questions.

The critical approach to research was employed in Chapter V and to a lesser extent in portions of the other chapters. This was done in an attempt to evaluate the historical and attitude information which had been reported earlier. Also in Chapter V are recommendations for further research in the general area of Community Antenna Television.

Definition of Terms

Community Antenna Television.--This term, and the two synonymous terms, CATV and Cable Television, mean:

. . . any facility which, in whole or in part, receives directly or indirectly over the air and amplifies or otherwise modifies the signals transmitting programs broadcast by one or more television stations and distributes such signals by wire or cable to subscribing members of the public who pay for such service, but such term shall not include (1) any such facility

which serves fewer than 50 subscribers, or (2) any such facility which serves only the residents of one or more apartment dwellings under common ownership, control, or management, and commercial establishments located on the premises of such an apartment house.¹⁷

Grade A and Grade B Contours.--These terms refer to the measurement of two field intensity contours of a television station which ". . . indicate the approximate extent of coverage over average terrain in the absence of interference from other television stations."¹⁸ Within the Grade A contour is the primary coverage area of a station. The Grade B contour designates the secondary coverage area, where reception is possible but not dependable.

Distant Signal.--"The term 'distant signal' or distant station means the signal of a television broadcast station which is extended or received beyond the Grade B contour of that station."¹⁹

Importation.--This term refers to the process of extending the signal of a television broadcast station beyond its Grade B contour.

Citation Style in Footnotes and Bibliography

The accepted style of legal citation is used in this study. Full titles of the references which are cited in

¹⁷U. S., Code of Federal Regulations, Title 47, Part 74, Subpart K, 1969, p. 374.

¹⁸Ibid., Part 73, pp. 240-241.

¹⁹Ibid., Part 74, p. 374.

this manner are listed below, with appropriate abbreviations in parentheses:

Federal Communications Commission Reports, 1st Series (FCC); 2nd Series (FCC 2d). This is the official publication of decisions and notices by the FCC.

Federal Reporter, 1st Series (F.); 2nd Series (F. 2d). This is the official report of cases which are decided in the United States Courts of Appeals.

Federal Supplement (F. Supp.). This publication reports decisions from the United States District Courts.

Pike and Fischer Rules and Regulations, 1st Series (RR); 2nd Series (RR 2d). This publication reports all current activity of the Federal Communications Commission and compiles, annotates and up-dates FCC Rules and Regulations.

United States Reports (U.S.). This is the official publication of the decisions of the United States Supreme Court.

When a legal citation is used in a footnote, the number preceding the abbreviation indicates the volume; and the number following refers to the page which is being cited. An item in a bibliography is similar except that the number following the abbreviation indicates the first page of the reference.

CHAPTER II

/ THE DEVELOPMENT OF REGULATION OF COMMUNITY ANTENNA TELEVISION OF THE UNITED STATES

The early development of community antenna television in the United States created little need for federal regulation. The systems which were established served to provide television signals to areas where normal reception was "(1) non-existent, (2) of unsatisfactory quality, or (3) possible only with the aid of costly . . . antennas."¹ The result, therefore, was an increase in potential audience, a situation which pleased the Federal Communications Commission, as well as television station operators.

In recent years, however, that small supplementary-service function which characterized early CATV has changed dramatically, thus creating many previously unforeseen problems. In 1966, the FCC enumerated some of them: (1) CATV had expanded into areas which already received satisfactory television signals. (2) The local audience had been fragmented; while the CATV system had many channels available,

¹Robert D. L'Heureux, "The CATV Industry: Its History, Nature and Scope" (Part I), TV and Communications, II (May, 1965), 18.

the TV station had only one. (3) Some CATV systems had not carried local channels, thus eliminating those stations from the choices available to a subscriber and denying the local station an important potential audience. (4) Some cable systems were carrying signals which duplicated local station programming, thus eliminating, in part, the need for the local service. (5) Although a great variety of service had been made available to subscribers through the cable, not everyone was willing to pay for CATV. (6) Rural areas would be denied a variety-service because CATV had not proved to be economically feasible outside areas with a moderate degree of population concentration. (7) Given the possibility of the preceding two problem areas, many people would be deprived of television service if local stations were forced off the air. (8) CATV was also looked upon as a threat to the building, and successful operation, of new UHF television stations which must rely upon the audience's desire for increased local programming service.²

In spite of the problems which CATV presented, the FCC recognized that cable systems were providing important additional services to television viewers throughout the country. However, the Commission also concluded that CATV needed to be encouraged to develop in an "orderly manner so that its effects would be to provide a supplementary service without

²U. S., Federal Communications Commission, 32nd Annual Report for the Fiscal Year 1966 (Washington, D.C.: Government Printing Office, 1966), pp. 85-86.

having a serious adverse impact on free TV."³ It had taken sixteen years, since that first commercial system had begun in Lansford, Pennsylvania, for the CATV industry to develop to the point where the Federal Communications Commission felt compelled to state, "In order to preserve off-the-air TV, regulation of CATV was clearly indicated."⁴

In 1966, the FCC assumed full jurisdiction over all Community Antenna Television. That action--like all preceding regulation--was not precipitous. It had evolved slowly from the relationships and conflicts which had developed between television stations and CATV systems. In fact, each step in the regulatory process seemed to represent a direct and studied response to a clearly defined need.

The first regulation which affected Community Antenna Television had been adopted in 1956 with an amendment to Part 15 of the FCC Rules and Regulations governing "Incidental and Restricted Radiation Devices." This was the outgrowth of a First Report and Order in which the Commission had stated a few months earlier:

It is well established that radio communications can produce satisfactory results and be effective only so long as the desired signal is strong enough to override the interference that may be present at the receiver. . . . This area of regulation is becoming ever more important as the use of the radio spectrum for communications expands, . . . and as the number of non-radio devices producing radiation keeps growing.⁵

³Ibid., p. 86.

⁴Ibid.

⁵U. S., Federal Register, XX, No. 252, Dec. 29, 1955, 10056.

The Second Report and Order, adopted July 11, 1956, applied the earlier rule-making directly to Community Antenna Television Systems. It said:

Due to the loss of energy occurring in the cable [connecting the master receiving antenna with the sets of the subscribers], it is necessary to provide amplifiers at regular intervals along the cable. . . . It is inevitable that there is some radiation from the CATV system and this radiation may produce interference to the reception of the direct signal by non-subscribers to the CATV system, some of whom have installed their own antenna systems and boosters or amplifiers to provide for the direct reception of weak signals.⁶

The result was the application of engineering standards which prescribed the limits of incidental radiation applicable to CATV systems. The rules also required that systems should be constructed to meet the standards and that the systems must be prepared to demonstrate compliance with the regulations. A time limit was established within which compliance was to be completed.⁷

The next several years are best characterized as those in which the FCC absolved itself of additional jurisdiction in the area of CATV.

Some pressure was exerted on the Commission to declare cable television a common carrier and thus assume regulatory power under existing rules. However, in Frontier Broadcasting Company v. Collier, on April 2, 1958, the Commission ruled:

⁶Ibid., XXI, No. 138, July 18, 1956, 5366.

⁷Ibid.

A community antenna television system operator is not a common carrier . . . mainly because the operator and not the individual subscriber has the ultimate control of the type of intelligence transmitted over the system, whereas in the case of ordinary communications common carrier, . . . the choice of the specific intelligence to be transmitted is the sole responsibility of the subscriber and not the carrier.⁸

One year later, on April 14, 1959, the FCC released a Report and Order titled, "In the Matter of Inquiry Into the Impact of Community Antenna Systems, TV Translators, TV 'Satellite' Stations, and TV 'Repeaters' on the Orderly Development of Television Broadcasting." In this document, consideration was given to four possible bases of jurisdiction over CATV:

(a) Regulation of CATV's as common carriers under title II of the Communications Act. Parties so arguing would have us reverse our decision in Frontier Broadcasting Company v. Collier, 16 R.R. 1005 (April 1958), supra.

(b) Authority over CATV's as broadcasting stations or, at least, engaged in broadcasting, based on the definitions of "radio communication," "broadcasting" and "broadcast station" contained in subsections (b), (c), and (cc) of section 3 of the act.

(c) Jurisdiction over CATV's as a significant part of the communications industry, which the Commission has "plenary power" to regulate; or, as enterprises having a substantial (adverse) impact upon broadcasting activities which the Commission does regulate and upon the mandate of section 1 and section 307(b) of the act.

(d) It is contended that section 325(a) applies to CATV's as well as to broadcasting stations, so that they are required to secure the consent of the originating stations whose signals they carry; or, if CATV's are not literally within the scope of that section, the same "property right" principle applies in their case and the

⁸Frontier Broadcasting Co., 16 RR 1005 (1958).

Commission should by rule affirm it. Under either theory, it is argued, CATV's could be compelled, by cease-and-desist order under section 312(a), to comply with this requirement.⁹

The Commission concluded that the fact that CATV may be involved in broadcasting did not of itself permit further regulation of cable systems. The report said, "In sum, . . . we find no present basis for asserting jurisdiction or authority over CATV's, except as we already regulate them under part 15 of our rules with respect to their radiation of energy."¹⁰

Although the FCC refused to assume control of cable television in 1959, the need for federal regulation was recognized. However, the Commission said that legislation was first required to change the Communications Act of 1934. The recommendations which were sent to Congress stated that "CATV systems should be required to obtain consent of the stations whose signals they transmit and that they should be required to carry the signal of the local station (without degrading it) if the local station so requests."¹¹ Neither this nor similar legislation which was proposed in subsequent years ever became law.¹²

⁹Report and Order, 26 FCC 427 (1959).

¹⁰Ibid., p. 431.

¹¹Ibid., p. 441.

¹²U. S., Federal Communications Commission, 31st Annual Report for the Fiscal Year 1965 (Washington, D.C.: Government Printing Office, 1965), pp. 80-81.

It was indicated earlier that the FCC's assumption of regulatory control of CATV was slow and evolutionary in nature. However, one decision stands out above all others in signifying an important turning point in the Commission's thinking. In response to a CATV application from the Carter Mountain Transmission Corporation for a license to install microwave radio relay facilities on Copper Mountain, Wyoming, the Commission found that CATV service had already decreased the revenues of KWRB-TV in two of four principal towns in the station's service area. Further, it found that extension of cable service by Carter Mountain into the other two communities could put KWRB-TV out of business. If the station were to go off the air, it was determined that a large part of northwestern Wyoming would be denied local television service and that surrounding rural areas would be unable to receive any TV signal.¹³

In denying the Carter Mountain application, the FCC said that:

Licenses are granted by the Commission only if the operations proposed are found to be in the public interest, convenience, and necessity. Hence, when the impact of economic injury is such as to adversely affect the public interest, it is not only within our power, but it is our duty to determine the ultimate effect, study the facts, and act in a manner most advantageous to the public.¹⁴

¹³Carter Mountain Transmission Corp., 32 FCC 462-464 (1962).

¹⁴Ibid., p. 464.

The Commission did not assume direct control of CATV in this decision, but it did recognize the potential effects which cable television might have upon individual stations. The fact that this was a clear change in policy was evident in the statement, "To the extent that this decision departs from our views in the report and order . . . , 26 FCC 403 (released April 14, 1969), those views are modified."¹⁵

On May 23, 1963, the United States Court of Appeals, District of Columbia, upheld the FCC Carter Mountain decision. The court said, in part:

It may be assumed that any denial of a license to transmit radio or television programs keeps off the air, and hence deprives the public of, the material which the applicant desires to communicate. But that does not mean that the Commission must grant every license which is requested. Nor does it mean that the whole statutory system of regulation is invalid. Quite to the contrary is true: a denial of a station license, validly made because the standard of "public interest, convenience, or necessity" has not been met, is not a denial of free speech.¹⁶

The FCC's authority in this matter was finally determined when the Carter Mountain appeal resulted in a denial of certiorari by the United States Supreme Court on December 16, 1963.¹⁷

The reason this case can be classified as a turning point with regard to the FCC's jurisdiction over CATV is that

¹⁵Ibid., p. 465.

¹⁶Carter Mountain Transmission Corp. v. FCC, 321 F. 2d 364 (D.C. 1963).

¹⁷Carter Mountain Transmission Corp. v. FCC, 375 U.S. 951 (1963).

it provided the general philosophy for a First Report and Order which was adopted April 22, 1965. Included in the document were provisions for regulation of all CATV systems which relied upon microwave service. At this time, however, no cable system which provided only those signals which it could receive and distribute without benefit of microwave relay would come under the new regulation.

The rules which were adopted required microwave-served CATV systems to: (1) carry all local television stations, upon request of the individual station, (2) carry the local signals without material degradation of quality, and (3) refrain from "duplicating the programs of local commercial stations, either simultaneously or within 15 days before or after local broadcast."¹⁸ The third regulation was based upon the fact that CATV does not have to bid for programs which are a part of a station's regular program schedule. Therefore, the FCC considered that the importation of duplicate programming into a market was unfair competition for the local TV station.¹⁹

In a Second Report and Order, which was adopted on March 4, 1966, the FCC, without benefit of any of the congressional legislation which it had sought over the years, asserted jurisdiction over all CATV, microwave and non-microwave. The reason which was given was that continued growth of CATV

¹⁸Rules re Microwave-Served CATV, 38 FCC 683 (1965).

¹⁹Ibid., pp. 704-705.

threatened to impede realization of the Commission's TV assignment plan, particularly with regard to the development of local UHF stations.²⁰

Upon issuance of the Report and Order, the regulations became Subpart K of Part 74, Title 47, of the Code of Federal Regulations. The major provisions called for the following:

1. CATV systems were required to carry, without material degradation, "all commercial and non-commercial educational stations within whose Grade B contours the system or the community of the system is located. . . ." In cases of insufficient CATV channel capacity, priorities were assigned to determine which stations would be carried.²¹

2. Nonduplication protection of the programming of a local station was changed from the fifteen days of the First Report to same-day protection. Certain exceptions were cited, including a provision for permission to carry an imported program in color if the local signal would be black and white.²²

3. All CATV systems were required to notify local stations, as well as the FCC, whenever they proposed to import new distant signals or to extend service into a new area.²³

²⁰Second Report and Order, 2 FCC 2d 745-746 (1966).

²¹U. S., Code of Federal Regulations, Title 47, Part 74, Subpart K, 1969, pp. 374-375.

²²Ibid., pp. 375-376.

²³Ibid., pp. 376-377.

4. CATV systems which operated within the Grade A contour of a TV station in the one hundred largest television markets were prohibited from extending any TV signal beyond the Grade B contour of a station without approval from the FCC. This provision did not apply to systems which were already supplying such service, but expansion of service by existing systems was covered by the new regulation.²⁴

Most CATV operators probably expected rules similar to the first three; but the last one, the importation rule, caused them much distress. Midwest Television, Incorporated (KFMB-TV), in San Diego, California, presented what the Federal Communications Commission called "a classic case for a hearing with respect to the general issues of expansion of respondents' CATV systems throughout the San Diego market area."²⁵ Several CATV systems, particularly Mission Cable TV, Incorporated, and Southwestern Cable Company, had been increasing their service in the area, and, in so doing, were importing several Los Angeles television stations. Therefore, the Commission ruled that a hearing would be held to determine whether this CATV expansion was consistent with the public interest of the viewers in San Diego. Other issues also dictated the need for a hearing:

For instance, there is disagreement as to whether some of respondents' systems are operating within the predicted grade A contour of KFMB-TV; there is controversy as to whether some of the respondents' systems operate

²⁴Ibid., pp. 377-378.

²⁵Midwest Television, Inc., 4 FCC 2d 620 (1966).

within the grade B contour of some of the Los Angeles stations carried on the system . . . ; there is a serious question as to whether respondents' systems degrade the San Diego signals carried and particularly the signals of KFMB-TV; the degree of CATV penetration of the market is contested; and, of course, there is controversy as to whether carriage on the systems will help or hurt new or prospective UHF stations in San Diego. These issues are all particularly appropriate for resolution in an evidentiary hearing.²⁶

The result of this hearing was clear evidence that the Commission intended to enforce strongly its CATV regulations. Although the initial decision of the hearing examiner found no reason to restrict cable developments in San Diego,²⁷ the Commission as a whole felt otherwise. On June 26, 1968, the decision which was adopted said, "It is the effect of unlimited CATV expansion on proposed or potential service by independent UHF stations in San Diego with which we are principally concerned."²⁸

The decision went on to say:

We emphasize in this connection that our goal is not to deprive the San Diego public of the additional program services offered by the Los Angeles stations, but rather to make such programming and augmented local services available to the entire public in the San Diego area. . . . The San Diego CATV systems have yet to demonstrate their willingness and ability to originate local programming designed to meet the particular needs and interests of the San Diego public. And even if they were to do so to a substantial degree, such local originations would be available only to the subscribing public and would not benefit the very considerable portion not reached by CATV. . . .

²⁶Ibid., p. 621.

²⁷Midwest Television, Inc., 11 RR 2d 274 (1967).

²⁸Midwest Television, Inc., 13 FCC 3d 492 (1968).

. . . We conclude that unlimited CATV expansion carrying Los Angeles signals would probably preclude or substantially impair potential UHF development in San Diego and frustrate the Commission's allocations to the detriment of the public interest. In order to effectuate the goals of the all-channel receiver legislation and to preserve the opportunity for augmented television services to the entire San Diego public, we believe it necessary to prohibit further carriage of Los Angeles signals by CATV systems in the San Diego area. . . .²⁹

Some specific exceptions were noted in the decision, as well as recognition of the grandfathering protection which had been provided in the original Report and Order. Also, the CATV systems won FCC approval--even encouragement--for their own origination of local programming. Commercials were prohibited, however, to protect UHF development in San Diego.³⁰

It must be remembered that this decision, and the rules from which it came, represented a complete reversal from the 1959 statement, in which the Commission insisted that it had no jurisdiction over CATV. Further, no legislation had been forthcoming from the Congress in the meantime to authorize the regulation of cable systems by the FCC. It was inevitable, therefore, that the San Diego case would ultimately reach the Supreme Court. In *United States et al. v. Southwestern Cable Company et al.*, the Court decided, on June 10, 1968, that:

1. The FCC has authority under the Act to regulate CATV systems. . . .

²⁹Ibid., pp. 501-502.

³⁰Ibid., pp. 505-508.

(a) The FCC has broad authority over "all interstate and foreign communication by wire or radio," which includes CATV systems as they are encompassed within the term "communication by wire or radio," and there is no doubt they are engaged in interstate communication. . . .

(b) The FCC's requests for legislation have no significant bearing on the resolution of this issue. . . .

(c) The FCC has reasonably found that the successful performance of its responsibilities for the orderly development of local television broadcasting demands prompt and efficacious regulation of CATV, and in the absence of compelling evidence that Congress intended otherwise, administrative action imperative to an agency's ultimate purposes should not be prohibited. . . .

(d) The FCC's authority recognized here is restricted to that reasonably ancillary to the effective performance of its responsibilities for the regulation of television broadcasting. . . .

2. The FCC had authority to issue the prohibitory order in this case. . . .³¹

Although cable television interests interpreted the San Diego case as a setback, they were delighted with a Supreme Court decision which was handed down just one week later. This concerned another important aspect of the regulation of Community Antenna Television, that of copyright law. "In many respects the history of CATV copyright liability parallels the history of FCC regulation, because both followed the changing nature of cable television."³² When the cable

³¹United States v. Southwestern Cable Co., 392 U. S. 157-158 (1968).

³²Dick Nelson, "CATV: Enter the FCC," Freedom of Information Center Report No. 219 (April, 1969), p. 3.

performed the limited function of an antenna in remote areas of the country, no one worried about the collection of copyright fees. However, when the great financial success of the CATV business became a reality, and when programming material began to be extended beyond market areas in which it had been originally sold to individual stations, copyright holders became concerned.

The only CATV copyright suit which has been decided by the Supreme Court was that brought by United Artists Television, Incorporated, against the Fortnightly Corporation, operators of cable systems in Clarksburg and Fairmont, West Virginia. The two systems, which were eighteen miles apart, picked up five television signals, three from Pittsburgh, Pennsylvania, one from Steubenville, Ohio, and one from Wheeling, West Virginia. Distances between those cities and the two cable systems in Clarksburg and Fairmont ranged from fifty-two to eighty-two miles. During the period of the lawsuit, United Artists granted licenses to each of the five stations to broadcast copyrighted motion pictures. The Fortnightly CATV systems at no time obtained a license.³³

The lower courts had ruled that Fortnightly was liable, and "no one expected the high court to let CATV off the hook. . . ."³⁴ However, in its decision, which was released

³³Fortnightly Corp. v. United Artists Television, Inc., 392 U. S. 392-393 (1968).

³⁴Nelson, "CATV," p. 3.

June 17, 1968, the lower court rulings were reversed:

Held: Judicial construction of the Copyright Act, in light of drastic technological changes, has treated broadcasters as exhibitors, who "perform," and viewers as members of the audience, who do not "perform," and since petitioner's CATV systems basically do no more than enhance the viewers' capacity to receive broadcast signals, the CATV systems fall within the category of viewers, and petitioner does not "perform" the programs that its systems receive and carry.³⁵

The decision not only reversed the lower court, but it did so with only one justice, Abe Fortas, dissenting. It seems appropriate to quote from the opinion of Mr. Justice Fortas, not for the purpose of presenting the case of the proponents of CATV copyright liability, but rather to cite some of the very important issues which illustrate the complexity of the problem. Justice Fortas said in his dissenting opinion:

Applying the normal jurisprudential tools--the words of the Copyright Act, legislative history, and precedent--to the facts of the case is like trying to repair a television set with a mallet.

.
The implications of any decision we may reach as to the copyright liability of CATV are very great. On the one hand, it is darkly predicted that the imposition of full liability upon all CATV operations could result in the demise of this new, important instrument of mass communications; or in its becoming a tool of the powerful networks which hold a substantial number of copyrights on materials used in the television industry. On the other hand, it is foreseen that a decision to the effect that CATV systems never infringe the copyrights of the programs they carry would permit such systems to overpower local broadcasting stations which must pay, directly and indirectly, for copyright licenses and with which CATV is in increasing competition.³⁶

³⁵Fortnightly, 392 U. S. 390.

³⁶Ibid., pp. 403-404.

As indicated in the FCC discussion of the regulation of CATV systems, the Commission had become concerned about extension of television signals beyond their normal range. While in the Fortnightly case, this was not a consideration, because the cable systems received all TV signals directly, Mr. Justice Fortas recognized the problem:

The Court has indulged in an oversimplification of the "function" of CATV. It may be, indeed, that insofar as CATV operations are limited to the geographical area which the licensed broadcaster (whose signals the CATV has picked up and carried) has the power to cover, a CATV is little more than a "cooperative antenna" employed in order to ameliorate the image on television screens at home or to bring the image to homes which, because of obstacles other than mere distance, could not receive them. But such a description will not suffice for the case in which a CATV has picked up the signals of a licensed broadcaster and carried them beyond the area--however that area be defined--which the broadcaster normally serves. In such a case the CATV is performing a function different from a simple antenna for, by hypothesis, the antenna could not pick up the signals of the licensed broadcaster and enable CATV patrons to receive them in their homes.³⁷

In addition to not dealing with cable television systems which import signals from distant stations, the Court did not concern itself with the potential problem which is caused by the system which originates its own local programming. As the FCC said in its annual report for the 1968 fiscal year, "It leaves to Congress the accommodation of conflicting copyright, communications, and antitrust considerations by legislative change of the copyright statutes."³⁸

³⁷Ibid., p. 407.

³⁸U. S., Federal Communications Commission, 34th Annual Report/Fiscal Year 1968 (Washington, D.C.: Government Printing Office, 1969), p. 47.

Earlier, it was indicated that the history of copyright liability and general FCC regulation of CATV paralleled each other. This has certainly been the case in the matter of Congressional legislation. The first comprehensive copyright law revision was introduced in the 89th Congress, First Session, in 1966. Similar bills have been presented in subsequent sessions, but none of these attempts has won congressional approval. Many copyright experts seem to feel that one of the major reasons for the delay in revision of the Copyright Act is the very thorny problem presented by CATV. No one seems to know what form this section of the final regulation might take, but the original proposal is clear. The bill which was presented to the 89th Congress said, in Section 109, that the following would not be an infringement of copyright:

(5) the further transmitting to the public of a transmission embodying a performance or exhibition of a work, if the further transmission is made without altering or adding to the content of the original transmission, without any purpose of direct or indirect commercial advantage, and without charge to the recipients of the further transmission.³⁹

The fact that cable systems charge a fee for their services means that they would be subject to copyright liability under this proposed legislation. Frederick W. Ford, President of the National Cable Television Association, spoke for his industry in hearings before the House of Representatives

³⁹Hearings before the House Subcommittee No. 3 of the Committee on the Judiciary on Copyright Law Revision, 89th Cong., 1st Sess., pt. 1 at 5-6 (1966).

Subcommittee of the Committee on the Judiciary.

This revision would restrict home television reception by CATV subscribing members of the public by giving the holder of a copyright, for the first time, the exclusive right to control the reception of a telecast copyrighted work by a homeowner who uses a community antenna, which is basically contrary to the public's interest in full dissemination of the protected works.⁴⁰

There seems to be little question but that the FCC would have preferred a different ruling from the Supreme Court as well as specific congressional copyright legislation which would include a resolution of the CATV issue. As stated in Broadcasting magazine, "The Commission has long felt that if CATV systems were subject to copyright liability--and thus lost the 'unfair' advantage they have over broadcasters of plucking signals out of the air, free of charge--much of the burden of regulating the cable industry would be eased."⁴¹

— Another problem with which the FCC has had to deal is that of the relationship between cable operators and the telephone companies. Although the Commission has ruled that CATV does not fall under common carrier regulation, the cable systems make use of common carrier facilities when they lease telephone company lines as their means of distribution. The Commission expressed its concern in the interrelationships of CATV and telephone company interests in the General Telephone Company of California decision which was adopted June 25, 1968:

⁴⁰Ibid., p. 1243.

⁴¹"FCC Proposes Rigid Rules on CATV," Broadcasting, LXXV (December 16, 1968), 28.

By reason of its control over utility poles, or other local advantages resulting from its status as an existing common carrier in the community, the telephone company is in a position to preclude or substantially delay an unaffiliated CATV system from commencing service and thereby eliminate competition. Furthermore, construction by a telephone company for an affiliated CATV operator calls for careful scrutiny on the part of the Commission in order to insure against wasteful duplication or unnecessary construction.⁴²

The Commission concluded that construction of lines by a telephone company for the purpose of providing channel service to a CATV system must be certified.⁴³ This decision reinforced a previous Memorandum Opinion and Order which held that such service "is clearly a common carrier undertaking" and therefore subject to the provisions of the Communications Act of 1934.⁴⁴ More stringent regulations regarding anti-competitive practices of telephone companies, as well as rules concerning their ownership patterns in CATV systems, are expected from the Federal Communications Commission.⁴⁵

It should be noted that all regulation of CATV has been based upon the assumption that service from any individual system would be provided for a regular, predetermined fee. If, on the other hand, some of the local programming which cable systems intend to originate is offered to subscribers

⁴²General Telephone Co., 13 FCC 2d 463 (1968).

⁴³Ibid., p. 454.

⁴⁴Memorandum Opinion and Order, 4 FCC 2d 260 (1966).

⁴⁵Notice of Inquiry and Notice of Proposed Rulemaking, Current RR 54:211-217 (1969); see also "FCC Examines Telephone Firms in CATV," Broadcasting, LXXVI (April 7, 1969), 33.

on a per-program, or "pay television", basis, precedent could be upset. In this kind of situation, the individual viewer would have to make a decision whether he wished to pay to receive specific programs. This, then, would seem to give the cable system some of the characteristics of a common carrier, one definition of which is, "a system that transmits commercially to its customers the signals they select."⁴⁶ If such regulation were determined appropriate in the case of some aspects of the operation of Community Antenna Television, the several states could also become involved in the regulatory process, because they share responsibility for common carriers with the federal government.

Two states already have laws which affect CATV. Connecticut and Nevada have classified cable systems as utilities and placed them under the jurisdiction of public utilities commissions. In Connecticut, the state has declared that CATV must serve only as an antenna service and must not originate programming. Only one system is permitted in any given section of the state, and public hearings are held on all applications. Financial aspects also are controlled through requirements which call for regular reports from CATV franchise holders, the filing of proposed initial rates, and the approval of all rate changes.⁴⁷

⁴⁶"Notes, The Wire Mire: The FCC and CATV," Harvard Law Review, LXXIX (1965), 367.

⁴⁷Ester Featherer, "CATV: Problem and Promise," Freedom of Information Center Publication No. 122 (May, 1964), p. 2.

Although state authority is being challenged in the courts of Connecticut and Nevada, eleven other states and the territory of Puerto Rico have initiated proposals for utility regulation of their CATV systems. If these efforts are successful, it is expected that nearly all states will adopt similar measures.⁴⁸

Of course, in addition to state and federal jurisdiction, local municipalities have been involved in CATV regulation almost from the beginning. Their concerns, however, have been in areas such as the legal, technical, financial, and character qualifications of the owners of the proposed systems. Also, the cities have wanted to approve rates and plans for the distribution of signals. In some cases, they have required the reservation of channels for public use, such as the broadcast of city council or school board meetings.

The complexity surrounding the regulation of cable television is heightened by the latest major development in this area. On December 12, 1968, the Federal Communications Commission adopted a Notice of Proposed Rulemaking and Notice of Inquiry, "In the matter of: Amendment of Part 74, Subpart K, of the Commission's Rules and Regulations Relative to Community Antenna Television Systems; and inquiry into development of Communications Technology and Services to Formulate

⁴⁸"New Regulatory Clouds Over Wire," Broadcasting, LXXVI (March 24, 1969), 68.

Regulatory Policy and Rulemaking and/or Legislative Proposals."⁴⁹ Although specific provisions may change as a result of the hearing process, most broadcasters and cable operators seem to feel that future regulation will closely parallel the provisions of this document. For this reason, the attitude questionnaire, which is reported in the following chapters, was based upon the proposed rules rather than those which are currently in effect. The major provisions of the Notice of Proposed Rulemaking and Notice of Inquiry are:

1. CATV systems must originate programming. The FCC, which has always wanted as many local outlets as possible, is of the opinion that CATV can contribute "both as a means of providing a local outlet to communities which have no television outlet of their own and as a means of enhancing diversity in communities which do have broadcast outlets."⁵⁰ Small systems might be exempt, however.

2. As conditions to program origination, CATV systems would be subject to rules similar to those regulating television stations in (a) broadcasts by political candidates (Section 315), (b) identification of sponsors (Section 317), and (c) programs which are subject to the provisions of the Fairness Doctrine. Also, the Commission indicated a desire

⁴⁹Notice of Proposed Rulemaking and Notice of Inquiry, 15 FCC 2d 417-464 (1968).

⁵⁰Ibid., pp. 421-422.

for comments on the application of obscenity and lottery provisions to cable systems.⁵¹

3. Provision for consumer protection would have to be shared by local and state government, as well as federal. "Local entities, either at the State or municipal level depending on State law, should--among other things--be concerned with various licensing considerations pertinent to the public interest judgment to be made by the local authority."⁵²

4. Provision for diversification of ownership would be provided in three forms: (a) cross-ownership of a television station and a CATV system within the grade B contour of the station would be prohibited; (b) a limitation would be placed upon the degree of multiple ownership of cable systems nationwide, number of subscribers, size of communities, and regional concentration; (c) it is proposed to limit to one the number of channels on which CATV systems may originate programming, not counting automated services.⁵³

5. CATV systems would be encouraged to operate as common carriers on otherwise unused channels. Such programming might include presentation of political candidates, subscription programs, programs of modestly funded organizations, and programs featuring municipal authorities. One channel might

⁵¹Ibid., pp. 424-425.

⁵²Ibid., pp. 425-426.

⁵³Ibid., pp. 426-427.

be devoted to advertising. Although it is not proposed that common carrier use be required by the FCC, state or local provisions might be imposed.⁵⁴

6. An annual report would be required which would indicate the status of each CATV system and its activity.⁵⁵

7. The FCC invited comments relative to the development of minimum technical standards for CATV systems.⁵⁶

8. Each cable system must carry local signals, which are defined as all commercial and noncommercial stations within whose grade B contour the system operates. Also, the signals must be carried without degradation.⁵⁷

(A definition is required in order to understand the next three provisions of this proposed rulemaking. "The term 'specified zone of a television broadcast station' means the area extending 35 air miles from the main post office in the community or communities to which that station is assigned. . . ." ⁵⁸)

9. No CATV system in the specified zone of a Top 100 market (as determined by the 1967 American Research Bureau net weekly circulation ranking) ⁵⁹ could extend a commercial

⁵⁴Ibid., p. 427.

⁵⁵Ibid., pp. 427-428.

⁵⁶Ibid., p. 428.

⁵⁷Ibid., pp. 429, 459.

⁵⁸Ibid., p. 459.

⁵⁹Ibid., pp. 435, 459-460.

television signal beyond its predicted grade B contour without permission of the originating station. Noncommercial educational stations might be extended if there were no objection from the local educational TV station or from local or state television agencies. In the case of such extension of signals (also called importation), priority must be given to ETV stations which are located in the same state, or closest to the system.⁶⁰

10. Within the specified zone of markets smaller than the Top 100, a cable system may extend television signals beyond their grade B contours in order to fulfill the following three requirements: (a) Signals might be imported in order to furnish full network service of each of the national commercial television networks. No "leapfrogging" would be permitted; that is, the closest network station in a state or region must be carried. (b) One distant commercial independent signal might be carried, provided it were obtained from the nearest community with an operating independent station. (c) Any educational TV station could be carried, provided there were no objection from a local ETV station or television agency.⁶¹

11. If the CATV system is outside any specified zone (market not stipulated as a television market), it must give priority to the importation of signals of a given type which

⁶⁰Ibid., p. 461.

⁶¹Ibid., pp. 461-462.

are available from communities located closest to the system. More distant stations of the same type might then be extended without limitation as to total number.⁶²

12. Importation rules would not apply to any signals which a CATV system was supplying to subscribers on December 20, 1968, or to other cable systems which might later serve that community. The new rules would apply, however, to the expansion of an existing system into new areas.⁶³

Although the proposed rulemaking indicated that no decision had been reached on the question of advertising on a CATV system, comments were invited on the basis of varying circumstances in different markets.⁶⁴

Some minor revisions of these proposals were adopted May 14, 1969, when the FCC released a Further Notice of Proposed Rulemaking. One of the changes indicated that the reference to smaller market importation of signals applied to CATV systems within the specified zone of a commercial television station, not an educational station. Also, since exact coordinates of main post office buildings were not available for all cities, the Commission changed its reference points in determining "specified zones of television broadcast stations." It adopted the list of coordinates for four hundred ninety-two cities which are listed in the United States

⁶²Ibid., p. 462.

⁶³Ibid.

⁶⁴Ibid., pp. 423-424.

Department of Commerce Special Publication Number 238,
 "Airline Distances Between Cities in the United States."

In most cases, these locations were determined by the intersection of the two main streets in a given city. For communities not listed, the Commission adopted a list of post office coordinates which was provided by the National Cable Television Association. Finally, a change in the proposed rules was adopted which gave importation protection to stations which had received construction permits but which had not yet commenced broadcasting.⁶⁵

One development which would have provided an important step forward in resolving some of the CATV regulatory problems occurred in May, 1969, when the staffs of the National Association of Broadcasters and the National Cable Television Association released the draft of a proposed compromise agreement.⁶⁶ However, the terms of the compromise met with so much resistance, particularly among broadcasters, that it was never ratified.

One of the most striking characteristics of the proposed NAB-NCTA document was that it concerned itself, almost exclusively, with current operational considerations. Although most of the proposed FCC regulations deal with similar

⁶⁵Further Notice of Proposed Rulemaking, Current RR 54: 152-153, 162, 164 (1969).

⁶⁶Mimeograph copy of NAB-NCTA proposed agreement, distributed by NAB, May, 1969, pp. 1-5; also see "The Wording of a Compromise," Broadcasting, LXXVI (June 2, 1969), pp. 24-25. Full text of compromise agreement is in Appendix A.

problems, the Commission has also recognized the potential long-range effects which these two industries may have upon each other. In addition to requesting comment on specific rules, the Commission's Notice of Proposed Rulemaking and Notice of Inquiry initiated a major study of future uses of cable.

. . . It has been suggested that the expanding multi-channel capacity of cable systems could be utilized to provide a variety of new communications services to homes and businesses within a community, in addition to services commonly offered such as time, weather, news, stock exchange ticker, etc. . . .

. . . It has been suggested further that there might be interconnection of local cable systems . . . to provide numerous communications services to the home, business and educational or other center on a regional or national basis. The advent of CATV program origination in such cities as New York and Los Angeles (where there is also CATV activity) gives rise to the possibility of a CATV origination network or networks. The so-called "wired city" concept embraces the possibility that television broadcasting might eventually be converted, in whole or in part, to cable transmission . . . , thereby freeing some broadcast spectrum for other uses and making it technically feasible to have a greater number of national and regional television networks and local outlets. More broadly in the area of general communications, the present and future development of intercity facilities with very high communications capacity . . . , coupled with the potential of the computer and communications satellite technologies, may stimulate the provision of new nationwide or regional services of various kinds. . . . Another matter to be explored in this area is the expanding multi-channel capacity of CATV . . . , including the question of whether it is technically and economically feasible for CATV to develop capability for two-way and switched services.⁶⁷

⁶⁷ Notice of Proposed Rulemaking and Notice of Inquiry, 15 FCC 2d 419-421.

It was against this background of current problems, coupled with an unknown but potentially exciting future, that this present research of attitudes toward CATV were sought from the managers of this country's commercial television stations.⁶⁸

⁶⁸On October 24, 1969, the FCC implemented one of its proposed rules by requiring CATV systems with more than 3,500 subscribers to originate programming "to a significant extent" as of January 1, 1971. The distribution of programs by this method will be called "cablecasting" and will be subject to regulations which are similar to those provided by Section 315, the Fairness Doctrine and the sponsor identification rules. Advertising at natural breaks will be permitted. See First Report and Order, 20 FCC 2d 201 (1969). This rule-making was adopted after this research had been completed and, therefore, will not be included in the report and interpretation of the data.

CHAPTER III

REPORT OF FINDINGS FROM PARTS I AND II OF "A SURVEY OF THE ATTITUDES OF COMMERCIAL TELEVISION STATION MANAGERS TOWARD CATV"

Rationale for Survey

The broadcasting trade associations have always been looked upon as the spokesmen for the radio and television industry, and those organizations do accurately reflect the views of many of their members. However, there is no record of any previous attempt actually to survey all commercial television station managers in an effort to determine attitudes toward the development of cable television.

The unique character of CATV is ideally suited to the attitudinal portion of this research. One TV broadcaster may be the operator of a cable system, while another station owner may feel that some of his strongest competition comes from CATV. What are the attitudes of the TV industry toward the great variety of real and potential problems and questions regarding cable television? The purpose of this research is not only to reflect attitudes toward current status, but to provide judgments regarding directions which CATV might take in its future development.

Procedures Used in Obtaining
Respondent Replies

Responses to this questionnaire were sought from the manager of every commercial television station in the continental United States. Stations in Alaska, Hawaii, and the Territories of Puerto Rico and the Virgin Islands were not included because it was felt that their circumstances might differ significantly from those of the rest of the country. Also, satellite, booster, and repeater stations were not included because, in most cases, these stations had the same general managers as "parent" stations, whose attitudes were being sought in other questionnaires.

A list of 588 stations was compiled from the May 15, 1969 Spot Television Rates and Data.¹ This monthly publication of the Standard Rate and Data Service, Incorporated, provides current information about every station in the United States, including listings of personnel and addresses. The mailing, which was sent to each station manager during the week of June 22, 1969, included the following: (1) a copy of the questionnaire, "A Survey of the Attitudes of Commercial Station Managers Toward CATV," (2) a cover letter to each manager, in which the project was explained and a request made for him to participate in the survey, and (3) a business reply envelope for the return of the questionnaire. Follow-up

¹"Television Station Listings," Spot Television Rates and Data, LI (May 15, 1969), 58-496.

materials, which were sent to every manager who had not responded by July 20, 1969, included a second copy of the questionnaire, a memorandum reminding him of the project, and a second business reply envelope.²

In the initial mailing, the body of each cover letter was duplicated by an offset printing process, but the typing on the inside address was matched in such a way that each letter gave the appearance of having been typed individually. The letterhead of the Department of Television and Radio, Michigan State University, was used in an attempt to give additional credibility to the survey. The questionnaire was printed on both sides of 11x17 inch light green paper. Each sheet was then folded so that the questions appeared on four 8 $\frac{1}{2}$ x11 inch pages. The copy was reduced to 65% of its original size so that all questions would fit on the one sheet of folded paper, thus eliminating the necessity for a page insert. It was felt that an additional page might make the questionnaire appear too lengthy. The green paper was used in the hope that it would be noticed on the manager's desk. A small white slip, approximately 1 $\frac{1}{2}$ x3 inches, was glued along one end and attached to the front of each questionnaire. On this slip appeared the call letters of the station together with an explanation that the information would be kept confidential and that the slip would be destroyed after the return had been tabulated.

²Copies of all mailing materials are in Appendix B.

The original deadline for returning the completed questionnaires was July 14, 1969. However, it was believed from the beginning that more time would be needed to insure a maximum return. Therefore, on July 21, 1969, the follow-up was sent to all managers who had not responded. This mailing stated the final deadline of August 8, 1969.

Questionnaire Returns

Of the 588 questionnaires which were sent, 258 were completed and returned. This represented 43.8% of all commercial television station managers who were contacted. A total of 204 had been received by July 20, 1969. The other 48 responded after the follow-up mailing had been sent.

It should be noted that the information and attitudes reported herein should not be interpreted as representing all commercial television station managers. However, in various categories in Part I of the questionnaire, Station and Market Information, there is a positive relationship between the percentages of respondent stations and the total stations to which the questionnaire was sent.

Report of Survey: Part I³

Part I of the questionnaire was designed to provide specific station and market information. Three of the items

³Copy of questionnaire is in Appendix B.

in this section are compared with figures which describe all of the stations to which questionnaires were sent. It was impossible to cite similar comparisons in every descriptive category because the necessary information was not available.

Two figures are indicated under each heading. The first represents the number of respondents who replied in a given manner. The second figure is the percentage of each category.

Questionnaire Item I, 1a

Please indicate the type of station you manage:

| | <u>Survey Respondents</u> | <u>All Stations</u> |
|-----|---------------------------|---------------------|
| VHF | 182(70.5) | 434(73.8) |
| UHF | 76(29.5) | 154(26.1) |

Questionnaire Item I, 1b

Please indicate ownership of your station:

| | |
|----------------|-----------|
| Single station | 110(42.6) |
| Group | 148(57.4) |

Questionnaire Item I, 1c

Please indicate network affiliation (ABC, CBS or NBC):

| | <u>Survey Respondents</u> | <u>All Stations</u> |
|-----|---------------------------|---------------------|
| Yes | 220(85.3) | 497(84.5) |
| No | 38(14.7) | 91(15.4) |

Questionnaire Item I, 1d

Please indicate market size according to the 1967 rating of ARB based upon net weekly circulation. (This is the list which the FCC is currently using to classify CATV markets.)

| | <u>Survey Respondents</u> | <u>All Stations</u> |
|---------------------------|---------------------------|---------------------|
| Top 25 | 42(16.3) | 126(21.4) |
| Markets 26-100 | 109(42.2) | 241(40.9) |
| Smaller than Top 100 | 106(41.1) | 221(37.5) |
| Unclassified ⁴ | 1(.4) | |

Questionnaire Item I, 2

In the space provided, please indicate the number of TV stations which are received in your market area with at least Grade B signal strength.

| | <u>Network Affiliated</u> | <u>Independent Commercial</u> | <u>Non-commercial Educational</u> |
|--------------|-------------------------------|-----------------------------------|---------------------------------------|
| 0 | | 164(63.6) | 89(34.5) |
| 1 | 8(3.1) | 36(14.0) | 125(48.4) |
| 2 | 38(14.7) | 25(9.7) | 30(11.6) |
| 3 | 144(55.8) | 15(5.8) | 7(2.7) |
| 4-7 | 45(17.4) | 12(4.7) | 1(.4) |
| 8-12 | 14(5.4) | | |
| More than 12 | 3(1.2) | | |
| No answer | 6(2.3) | 6(2.3) | 6(2.3) |

Questionnaire Item I, 3

Does your station, or parent company, own or have financial interest in one or more CATV systems?

| | |
|-----|-----------|
| Yes | 82(31.8) |
| No | 176(68.2) |

⁴Respondent indicated that his market was not listed in the 1967 ARB listing.

Questionnaire Item I, 4

If your answer to question 3 was "yes", please indicate the number of systems in which your company has financial interest.

| | |
|----------------------|----------|
| 1 CATV system | 25(30.5) |
| 2-5 systems | 25(30.5) |
| 6-10 systems | 17(20.7) |
| More than 10 systems | 11(13.4) |
| No answer | 4(4.9) |

Questionnaire Item I, 5

Is there CATV service within the Grade B contour of your television station?

| | |
|-----------|-----------|
| Yes | 230(89.1) |
| No | 24(9.3) |
| No answer | 4(1.6) |

Questionnaire Item I, 6

If you answered "yes" to question 5, please complete the following five parts of this question. If you answered "no" to question 5, please go on to question 7.

Questionnaire Item I, 6a.--Is your signal carried on one or more local CATV systems?

| | |
|-----------|-----------|
| Yes | 222(96.5) |
| No | 7(3.0) |
| No answer | 1(.4) |

Questionnaire Item I, 6b.--Within your Grade B contour, about how many homes subscribe to a CATV service?

| | |
|-----------------|----------|
| Less than 5,000 | 33(14.3) |
| 5,000-9,999 | 35(15.2) |
| 10,000-19,999 | 35(15.2) |
| 20,000-29,999 | 30(13.0) |
| 30,000-49,999 | 23(10.0) |
| 50,000-99,999 | 12(5.2) |
| 100,000-199,999 | 4(1.7) |
| 200,000 or more | 2(.9) |
| No answer | 56(24.3) |

Questionnaire Item I, 6c.--What percentage of television homes does the figure in part "b. represent?

| | |
|--------------|----------|
| Less than 1% | 25(10.9) |
| 1-4.9% | 30(13.0) |
| 5-9.9% | 30(13.0) |
| 10-14.9% | 31(13.5) |
| 15-19.9% | 10(4.3) |
| 20-29.9% | 20(8.7) |
| 30-49.9% | 18(7.8) |
| 50% or more | 3(1.3) |
| No answer | 63(27.4) |

Questionnaire Item I, 6d, (1), (2), (3).--In the spaces provided, please indicate the number of different TV signals available on the CATV systems which provide service within your Grade B contour.

| | <u>Network Affiliated</u> | <u>Independent Commercial</u> | <u>Non-commercial Educational</u> |
|--------------|-------------------------------|-----------------------------------|---------------------------------------|
| 0 Stations | | 60(26.1) | 21(9.1) |
| 1 | | 43(18.7) | 93(40.4) |
| 2 | 3(1.3) | 32(13.9) | 43(18.7) |
| 3 | 45(19.6) | 23(10.0) | 20(8.7) |
| 4-7 | 81(35.2) | 28(12.2) | 8(3.5) |
| 8-12 | 45(19.6) | 1(.4) | |
| More than 12 | 16(7.0) | | |
| No answer | 40(17.4) | 43(18.7) | 45(19.6) |

Questionnaire Item I, 6d, (4).--What is the largest number of non-broadcast signals which are originated by a single CATV system (which provides service within your Grade B contour)?

| | |
|-------------|-----------|
| 0 | 20(8.7) |
| 1 | 47(20.4) |
| 2-3 | 42(18.3) |
| More than 3 | 7(3.0) |
| No answer | 114(49.6) |

Questionnaire Item I, 6e.--Does your station, or parent company, own or have financial interest in a CATV system which is within the Grade B contour of your own station's signal?

| | |
|-----------|-----------|
| Yes | 38(16.5) |
| No | 186(80.9) |
| No answer | 6(2.6) |

Questionnaire Item I, 7

Is your signal imported into a distant market by a CATV system outside your Grade B contour?

| | |
|------------|-----------|
| Yes | 156(60.5) |
| No | 51(19.8) |
| Don't know | 40(15.5) |
| No answer | 11(4.3) |

Evaluation of Selected Part I Items

Some of the questions which were asked in this portion of the questionnaire provide useful station and market information, but they do not necessarily lend themselves to comparison with the attitude questions in Part II. These questions are numbers 2 and 6 b, c, and d. After reviewing the data, it appears that comparisons based upon market size will provide more meaningful results. Also the question 6 items have more "no answer" responses than any other questions in Part I. This may be explained, in part, by a letter from Fred Weber, Executive Vice President of the Rust Craft Broadcasting Company:

Many of the questions in your form could only be answered by cable systems and not by stations, and thus you will find a number of questions unanswered. It seems appropriate to make certain that you know that the lack of response to certain questions results from the inability of stations to secure adequate information from cable systems.⁵

⁵Letter from Fred Weber, Executive Vice President, Rust Craft Broadcasting Company, July 26, 1969.

Report of Survey: Part II

Each attitude question in Part II provided for one of three responses on the part of the respondent, plus the option of not answering. In the report of these data, the first entry for each question indicates the manner in which the 258 managers (Total Respondents) answered that particular question. Responses are also broken out and compared with selected descriptive categories in Part I.

Two figures are listed under each heading. They refer to the respondent category, which is indicated on the left. The first figure represents the number of managers in a particular respondent category who replied in a given manner. The second figure is the percentage of that category.

Questionnaire Item II, 1

Rationale.--In addition to seeking over-all attitudes toward a specific proposed rule, this question was asked in an effort to identify differences of opinion which might be reflected among various descriptive categories, particularly market size and involvement in CATV.

The question.--Should CATV systems within a 35 mile radius of the top 100 markets be required to seek permission from distant originating stations before importing signals in those markets?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 200(77.5) | 27(10.5) | 24(9.3) | 7(2.7) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|-----------|----------|----------|---------|
| VHF | 142(78.0) | 18(9.9) | 17(9.3) | 5(2.7) |
| UHF | 58(76.3) | 9(11.8) | 7(9.2) | 2(2.6) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|-----------|----------|----------|---------|
| Single station | 83(75.5) | 10(9.1) | 13(11.8) | 4(3.6) |
| Group owner | 117(79.1) | 17(11.5) | 11(7.5) | 3(2.0) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|-----------|----------|----------|---------|
| Network | 174(79.1) | 19(8.6) | 20(9.1) | 7(3.2) |
| Independent | 26(68.4) | 8(21.1) | 4(10.6) | |

ACCORDING TO MARKET SIZE⁶

| | | | | |
|----------------------|----------|----------|----------|---------|
| Top 25 | 28(66.7) | 10(23.8) | 3(7.2) | 1(2.4) |
| 26-100 | 93(85.3) | 9(8.3) | 4(3.7) | 3(2.8) |
| Smaller than top 100 | 78(73.6) | 8(7.5) | 17(16.1) | 3(2.8) |

ACCORDING TO FINANCIAL INTEREST IN CATV

| | | | | |
|-----------|-----------|----------|----------|---------|
| Own CATV | 58(70.7) | 16(19.5) | 8(9.7) | |
| Non-owner | 142(80.7) | 11(6.3) | 16(9.1) | 7(4.0) |

⁶One market not classified. Therefore, comparisons "According to Market Size" will be based upon 257 responses.

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|--|------------|-----------|-----------------------|----------------------|
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR ⁷ | | | | |
| Own CATV within B | 24(63.2) | 8(21.1) | 6(15.8) | |
| Non-owner within B | 151(81.2) | 11(5.9) | 18(9.7) | 6(3.2) |

| | | | | |
|--|-----------|----------|----------|---------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION ⁸ | | | | |
| CATV within B contour | 177(77.0) | 22(9.6) | 24(10.4) | 7(3.0) |
| No CATV within B | 21(87.5) | 3(12.5) | | |

| | | | | |
|---|-----------|----------|----------|---------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET ⁹ | | | | |
| Imported | 119(76.3) | 16(10.3) | 18(11.5) | 3(1.9) |
| Not imported | 43(84.3) | 5(9.8) | 3(5.9) | |
| Don't know | 32(80.0) | 2(5.0) | 3(7.5) | 3(7.5) |

Analysis.--The responses from managers who have financial interest in CATV were not surprising, except that a larger

⁷Six managers did not respond to this descriptive category in Part I. Therefore, comparisons "According to Financial Interest in CATV Within Grade B Contour" will be based upon 224 of the 230 who have CATV service in their areas.

⁸Four managers did not respond to this descriptive category in Part I. Therefore, comparisons "According to Presence of CATV Service Within Grade B Contour of Respondent's Station" will be based upon 254 responses.

⁹Eleven managers did not respond to this descriptive category in Part I. Therefore, comparisons "According to Importation of Respondent's Signal into Distant Market" will be based upon 247 responses.

percentage might have been expected to answer "No." It is natural that they would desire less stringent CATV regulations than stations which are not involved in CATV. The independent station manager is more apt to see the opportunity for an increase in audience through the extension of his signal, while the network station may anticipate fragmentation of its audience. The most interesting comparison is between the Top 25 markets and those in the 26 to 100 bracket. One explanation for these results might be that the stations in the largest markets do not fear CATV competition as much as those in what might be classified as medium markets. This also raises a question of the appropriateness of the FCC's classification. The stations in the smaller markets in the top 100 bracket may not have much in common with the stations in the very large markets.

Questionnaire Item II, 2

Rationale.--Some critics of the FCC's proposed rules feel that stations in smaller markets, particularly new UHF facilities, need as much protection as the larger market stations. Therefore, the question was asked in an attempt to determine if this proposed rule permits competition which is too strong for the small market stations.

The question.--In markets below the top 100, the FCC has proposed that CATV systems may carry as many distant signals as necessary (without "leapfrogging") to provide three full network services, the programs of one independent,

and any educational stations. Do these regulations afford adequate protection?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|--------------------------|------------|------------|-----------------------|----------------------|
| Total Respondents | 107 (41.5) | 121 (46.9) | 27 (10.5) | 3 (1.2) |

ACCORDING TO TYPE OF STATION

| | | | | |
|------------|-----------|-----------|-----------|---------|
| VHF | 72 (39.6) | 89 (48.9) | 20 (11.0) | 1 (.5) |
| UHF | 35 (46.1) | 32 (42.1) | 7 (9.2) | 2 (2.6) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|-----------------------|-----------|-----------|-----------|---------|
| Single station | 50 (45.5) | 51 (46.4) | 8 (7.3) | 1 (.9) |
| Group owner | 57 (38.5) | 70 (47.3) | 19 (12.9) | 2 (1.4) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|--------------------|-----------|------------|-----------|---------|
| Network | 86 (39.1) | 107 (48.6) | 24 (10.9) | 3 (1.4) |
| Independent | 21 (55.3) | 14 (36.8) | 3 (7.9) | |

ACCORDING TO MARKET SIZE

| | | | | |
|-----------------------------|-----------|-----------|-----------|---------|
| Top 25 | 18 (42.9) | 17 (40.5) | 6 (14.3) | 1 (2.4) |
| 26-100 | 41 (37.6) | 50 (45.9) | 16 (14.7) | 2 (1.8) |
| Smaller than top 100 | 47 (44.3) | 54 (50.9) | 5 (4.7) | |

ACCORDING TO FINANCIAL INTEREST IN CATV

| | | | | |
|------------------|-----------|-----------|-----------|---------|
| Own CATV | 35 (42.7) | 35 (42.7) | 12 (14.7) | |
| Non-owner | 72 (40.9) | 86 (48.9) | 15 (8.5) | 3 (1.7) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 16(42.1) | 17(44.7) | 5(13.1) | |
| Non-owner within B | 82(44.1) | 84(45.2) | 17(9.1) | 3(1.6) |

| | | | | |
|---|-----------|-----------|----------|--------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 101(43.9) | 103(44.8) | 23(10.0) | 3(1.3) |
| No CATV within B | 5(20.8) | 17(70.8) | 2(8.3) | |

| | | | | |
|--|----------|----------|----------|--------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 73(46.8) | 67(42.9) | 15(9.6) | 1(.6) |
| Not imported | 19(37.3) | 26(51.0) | 6(11.8) | |
| Don't know | 11(27.5) | 24(60.0) | 3(7.5) | 2(5.0) |

Analysis.--As indicated in the rationale, it was expected that the UHF stations would question the adequacy of the proposed small market protection. However, many of these stations probably are not affiliated with a network and would, therefore, be a part of the "Independent" category also. The reason the independents favored this proposed regulation more strongly than other categories of stations might have been that they foresee an advantage in having their signals imported into additional markets. It is obvious that managers in communities without cable TV have a greater fear

of CATV than those station operators who are in areas with established systems. It must be pointed out, however, that this conclusion is based upon a very small number of opinions.

Questionnaire Item II, 3

Rationale.--Items one and two of this part of the questionnaire indicate provisions of the proposed rules as they apply to the importation of distant signals. The purpose of this question is to determine attitudes toward a proposal which would apply the same importation rule, regardless of market size.

The question.--Should a CATV system in a market below the top 100 have to seek retransmission rights from all stations whose signals that system wishes to import?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 202(78.3) | 35(13.6) | 16(6.3) | 5(1.9) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|-----------|----------|----------|--------|
| VHF | 146(80.2) | 22(12.1) | 10(5.5) | 4(2.2) |
| UHF | 56(73.7) | 13(17.1) | 6(7.9) | 1(1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|-----------|----------|---------|--------|
| Single station | 87(79.1) | 11(10.0) | 9(8.2) | 3(2.7) |
| Group owner | 115(77.7) | 24(16.2) | 7(4.8) | 2(1.4) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|-----------|----------|----------|--------|
| Network | 179(81.4) | 25(11.4) | 11(5.0) | 5(2.3) |
| Independent | 23(60.5) | 10(26.3) | 5(13.1) | |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO MARKET SIZE | | | | |
| Top 25 | 23(54.8) | 13(31.0) | 4(9.5) | 2(4.8) |
| 26-100 | 89(81.7) | 12(11.0) | 6(5.5) | 2(1.8) |
| Smaller than top 100 | 89(84.0) | 10(9.4) | 6(5.7) | 1(.9) |
| ACCORDING TO FINANCIAL INTEREST IN CATV | | | | |
| Own CATV | 54(65.9) | 22(26.8) | 5(6.1) | 1(1.2) |
| Non-owner | 148(84.1) | 13(7.4) | 11(6.2) | 4(2.3) |
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 26(68.4) | 10(26.3) | 2(5.2) | |
| Non-owner within B | 152(81.7) | 18(9.7) | 13(7.0) | 3(1.6) |
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 179(77.8) | 31(13.5) | 15(6.5) | 5(2.2) |
| No CATV within B | 22(91.7) | 1(4.2) | 1(4.2) | |
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 119(76.3) | 23(14.7) | 13(8.4) | 1(.6) |
| Not imported | 45(88.2) | 4(7.8) | 2(4.0) | |
| Don't know | 34(85.0) | 2(5.0) | 1(2.5) | 3(7.5) |

Analysis--The most significant result in the response to this question is that over 78% agreed with its provisions

after 41.5% had indicated that the proposed regulation outlined in question number two was adequate. It may be assumed that, although the other rule was adequate, this one would be better. The greatest concern about importation of signals into the smaller markets would seem to be among the managers of VHF stations, the network affiliates, and in the markets below the top 25. It should be noted that the managers of the large market stations seemed to perceive the problem much differently than did their counterparts in the medium and small markets. It is not surprising to find differences which are based upon involvement in CATV systems. However, the margin among the managers in areas without CATV service was greater than might have been anticipated.

Questionnaire Item II, 4

Rationale.--Many broadcasters have expressed concern over the fact that they consider the 35 mile zone of protection in the proposed rules to be inadequate. This question was asked in an effort to determine the number of managers who have this opinion and what types of stations they represent.

The question.--Should the proposed 35 mile zone of protection from unrestricted importation of distant TV signals into the top 100 markets be extended to an area such as 60 or 75 miles?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 165(64.0) | 51(19.8) | 36(14.0) | 6(2.3) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|-----------|----------|----------|--------|
| VHF | 116(63.7) | 40(22.0) | 21(11.5) | 5(2.7) |
| UHF | 49(64.5) | 11(14.5) | 15(19.7) | 1(1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|----------|----------|----------|--------|
| Single station | 70(63.6) | 21(19.1) | 15(13.6) | 4(3.6) |
| Group owner | 95(64.2) | 30(20.3) | 21(14.2) | 2(1.4) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|-----------|----------|----------|--------|
| Network | 140(63.6) | 46(20.9) | 28(12.8) | 6(2.7) |
| Independent | 25(65.8) | 5(13.2) | 8(21.1) | |

ACCORDING TO MARKET SIZE

| | | | | |
|----------------------|----------|----------|----------|--------|
| Top 25 | 25(59.5) | 7(16.7) | 7(16.7) | 3(7.1) |
| 26-100 | 76(69.7) | 22(20.2) | 10(9.1) | 1(.9) |
| Smaller than top 100 | 63(59.4) | 22(20.8) | 19(17.9) | 2(1.9) |

ACCORDING TO FINANCIAL INTEREST IN CATV

| | | | | |
|-----------|-----------|----------|----------|--------|
| Own CATV | 48(58.5) | 22(26.8) | 11(13.4) | 1(1.2) |
| Non-owner | 117(66.5) | 29(16.5) | 25(14.2) | 5(2.8) |

ACCORDING TO FINANCIAL INTEREST IN CATV
WITHIN GRADE B CONTOUR

| | | | | |
|--------------------|-----------|----------|----------|--------|
| Own CATV within B | 21(55.3) | 13(34.2) | 4(10.5) | |
| Non-owner within B | 120(64.5) | 31(16.7) | 30(16.1) | 5(2.7) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 145(63.0) | 45(19.6) | 34(14.8) | 6(2.6) |
| No CATV within B | 18(75.0) | 4(16.7) | 2(8.3) | |

| | | | | |
|--|----------|----------|----------|--------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 89(57.1) | 36(23.1) | 28(18.0) | 3(1.9) |
| Not imported | 37(72.5) | 10(19.6) | 4(7.8) | |
| Don't know | 31(77.5) | 2(5.0) | 4(10.0) | 3(7.5) |

Analysis.--Comparisons among the descriptive categories of type of station, network affiliation, and size of market did not yield significant differences on this question. As expected, involvement in CATV was again reflected in the managers' responses, but these differences were no greater than those based upon the importation of the respondent's signal into a distant market or upon the presence of a local CATV system. One conclusion might be that resistance to CATV decreases somewhat if the station begins to benefit from being carried on a cable system, either local or distant.

Questionnaire Item II, 5

Rationale.†--The purpose of this question was similar to that of question number four, except that the concern here was in the markets smaller than the top 100.

The question.--Should the proposed 35 mile zone of protection from unrestricted importation of distant TV signals into markets smaller than the top 100 be extended to an area such as 60 or 75 miles?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 174(67.4) | 43(16.7) | 35(13.6) | 6(2.3) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|-----------|----------|----------|--------|
| VHF | 123(67.6) | 32(17.6) | 22(12.0) | 5(2.7) |
| UHF | 51(67.1) | 11(14.5) | 13(17.1) | 1(1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|----------|----------|----------|--------|
| Single station | 82(74.5) | 14(12.7) | 12(10.9) | 2(1.8) |
| Group owner | 92(62.2) | 29(19.6) | 23(15.6) | 4(2.7) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|-----------|----------|----------|--------|
| Network | 151(68.6) | 37(16.8) | 26(11.9) | 6(2.7) |
| Independent | 23(60.5) | 6(15.8) | 9(23.7) | |

ACCORDING TO MARKET SIZE

| | | | | |
|----------------------|----------|----------|----------|--------|
| Top 25 | 23(54.8) | 8(19.0) | 8(19.0) | 3(7.1) |
| 26-100 | 69(63.3) | 21(19.3) | 17(15.6) | 2(1.8) |
| Smaller than top 100 | 81(76.4) | 14(13.2) | 10(9.4) | 1(.9) |

ACCORDING TO FINANCIAL INTEREST IN CATV

| | | | | |
|-----------|-----------|----------|----------|--------|
| Own CATV | 45(54.9) | 24(29.3) | 12(14.6) | 1(1.2) |
| Non-owner | 129(73.3) | 19(10.8) | 23(13.1) | 5(2.8) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 22(57.9) | 12(31.6) | 4(10.5) | |
| Non-owner within B | 126(67.7) | 27(14.5) | 28(15.0) | 5(2.7) |

| | | | | |
|---|-----------|----------|----------|--------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 152(66.1) | 40(17.4) | 32(13.9) | 6(2.6) |
| No CATV within B | 21(87.5) | 1(4.2) | 2(8.3) | |

| | | | | |
|--|-----------|----------|----------|--------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 101(64.7) | 28(17.9) | 25(16.0) | 2(1.3) |
| Not imported | 37(72.5) | 9(17.6) | 4(7.8) | 1(2.0) |
| Don't know | 28(70.0) | 3(7.5) | 6(15.0) | 3(7.5) |

Analysis.--When the category, According to Market Size, above, was compared with that of the previous question, the number of "yes" responses represented a decrease of nine among the managers of stations in the top 100 markets and an increase of eighteen among the operators of the stations in markets smaller than the top 100. This indicates that attitudes toward the question of the size of a zone of protection are subject to change according to the direct effect which such a regulation might have upon a station.

Questionnaire Item II, 6

Rationale.--UHF stations have always had difficulties which are not shared by VHF outlets. The UHF signal has a shorter range; many receivers are not equipped to receive UHF stations, or they may not have proper antennas; the UHF station is more difficult to tune because it does not appear as a channel number on a "click-type" tuner in the receiver. The primary purpose of this question was to discover the degree of favorable effect which the UHF station might find in becoming one of the channels which would be made available on a CATV system.

The question.--In your opinion, does the presence of one or more CATV systems within a station's Grade B contour (or its ARB ADI) increase that station's audience potential?

| | <u>YES</u> | <u>NO</u> | <u>NO</u> <u>OPINION</u> | <u>NO</u> <u>ANSWER</u> |
|-------------------|------------|-----------|-----------------------------|----------------------------|
| Total Respondents | 87(33.7) | 139(53.9) | 27(10.5) | 5(1.9) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|----------|-----------|----------|--------|
| VHF | 53(29.1) | 109(59.9) | 17(9.3) | 3(1.6) |
| UHF | 34(44.7) | 30(39.5) | 10(13.2) | 2(2.6) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|----------|----------|----------|--------|
| Single station | 37(33.6) | 56(50.9) | 14(12.8) | 3(2.7) |
| Group owner | 50(33.8) | 83(56.1) | 13(8.8) | 2(1.4) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|----------------------------------|------------|-----------|-----------------------|----------------------|
| ACCORDING TO NETWORK AFFILIATION | | | | |
| Network | 65(29.5) | 128(58.2) | 22(10.0) | 5(2.3) |
| Independent | 22(57.9) | 11(28.9) | 5(13.2) | |

| | | | | |
|--------------------------|----------|----------|----------|--------|
| ACCORDING TO MARKET SIZE | | | | |
| Top 25 | 25(59.5) | 10(23.8) | 5(11.9) | 2(4.8) |
| 26-100 | 35(32.1) | 58(53.2) | 14(12.8) | 2(1.8) |
| Smaller than | 27(25.5) | 71(67.0) | 7(6.6) | 1(.9) |

| | | | | |
|---|----------|----------|----------|--------|
| ACCORDING TO FINANCIAL INTEREST IN CATV | | | | |
| Own CATV | 34(41.5) | 40(48.8) | 8(9.7) | |
| Non-owner | 53(30.1) | 99(56.3) | 19(10.8) | 5(2.8) |

| | | | | |
|---|----------|----------|----------|--------|
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 16(42.1) | 20(52.6) | 2(5.3) | |
| Non-owner within B | 59(31.7) | 99(53.2) | 23(12.4) | 5(2.7) |

| | | | | |
|---|----------|-----------|----------|--------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 78(33.9) | 122(53.0) | 25(10.9) | 5(2.2) |
| No CATV within B | 8(33.3) | 15(62.5) | 1(4.2) | |

| | | | | |
|--|----------|----------|----------|---------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 54(34.6) | 86(55.1) | 15(9.6) | 1(.6) |
| Not imported | 19(37.3) | 26(51.0) | 6(11.8) | |
| Don't know | 11(27.5) | 19(47.5) | 6(15.0) | 4(10.0) |

Analysis.--It should be noted that a large number of UHF stations in this country are not affiliated with a network and are located in the large market areas. Therefore, it was not surprising to find a positive relationship among these categories of responses. Also, reception in large metropolitan areas is sometimes adversely affected by large buildings and by the presence of more electrical interference than is found in less populated areas. These difficulties are minimized by CATV.

Questionnaire Item II, 7

Rationale.--The most successful CATV systems are those which improve significantly the quality of the television reception in an area or which import signals which would not otherwise be available. Either alternative gives the viewer an increased choice of channels, the result of which may be the potential loss of audience by the local stations. The purpose of this question was to determine the strength of attitudes toward this possible fragmentation.

The question.--A CATV system usually increases the choice of channels for a subscriber. In your opinion, does the presence of a local CATV system significantly fragment the audience so that the local station loses potential audience?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 194(75.2) | 39(15.1) | 21(8.2) | 4(1.6) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|------------------------------|------------|-----------|-----------------------|----------------------|
| ACCORDING TO TYPE OF STATION | | | | |
| VHF | 140(76.9) | 24(13.2) | 16(8.7) | 2(1.1) |
| UHF | 54(71.1) | 15(19.7) | 5(6.6) | 2(2.6) |

| | | | | |
|--|-----------|----------|----------|--------|
| ACCORDING TO TYPE OF STATION OWNERSHIP | | | | |
| Single station | 87(79.1) | 14(12.7) | 8(7.3) | 1(.9) |
| Group owner | 107(72.3) | 25(16.9) | 13(8.8) | 3(2.0) |

| | | | | |
|----------------------------------|-----------|----------|----------|--------|
| ACCORDING TO NETWORK AFFILIATION | | | | |
| Network | 171(77.7) | 27(12.3) | 19(8.6) | 3(1.4) |
| Independent | 23(60.5) | 12(31.6) | 2(5.3) | 1(2.6) |

| | | | | |
|--------------------------|----------|----------|----------|--------|
| ACCORDING TO MARKET SIZE | | | | |
| Top 25 | 19(45.2) | 16(38.1) | 6(14.3) | 1(2.4) |
| 26-100 | 83(76.1) | 13(11.9) | 10(9.2) | 3(2.8) |
| Smaller than top 100 | 91(85.8) | 10(9.4) | 5(4.7) | |

| | | | | |
|---|-----------|----------|----------|--------|
| ACCORDING TO FINANCIAL INTEREST IN CATV | | | | |
| Own CATV | 50(61.0) | 21(25.6) | 10(12.2) | 1(1.2) |
| Non-owner | 144(81.8) | 18(10.2) | 11(6.2) | 3(1.7) |

| | | | | |
|---|-----------|----------|----------|--------|
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 22(57.9) | 12(31.6) | 4(10.5) | |
| Non-owner within B | 147(79.0) | 22(11.8) | 13(7.0) | 4(2.2) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 171(74.3) | 37(16.1) | 18(7.8) | 4(1.7) |
| No CATV within B | 22(91.7) | 1(4.2) | 1(4.2) | |

| | | | | |
|--|-----------|----------|----------|--------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 114(73.1) | 29(18.6) | 12(7.7) | 1(.6) |
| Not imported | 43(84.3) | 5(9.8) | 2(3.9) | 1(2.0) |
| Don't know | 32(80.0) | 2(5.0) | 4(10.0) | 2(5.0) |

Analysis.--Because it is in the large cities where the greatest number of signals already exist, the managers of stations in the top 25 markets would not feel fragmentation as much as those in communities which receive only a few signals without the aid of CATV. It is interesting to note the difference in attitude between owners of CATV within their own grade B contour and those managers whose stations are picked up by cable systems other than their own. Either the one is overly optimistic or the other is unnecessarily pessimistic.

Questionnaire Item II, 8

Rationale.--If a TV signal is extended into a distant market area, that station's audience will increase. This question was asked in an attempt to determine the value of

that increase in terms of the station's competitive position.

The question.--Is a local station's competitive position improved when its signal is imported into a distant market by a CATV system?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 114(44.2) | 113(43.8) | 26(10.0) | 5(1.9) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|----------|----------|----------|--------|
| VHF | 74(40.7) | 86(47.3) | 18(9.8) | 4(2.2) |
| UHF | 40(52.6) | 27(35.5) | 8(10.5) | 1(1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|----------|----------|----------|--------|
| Single station | 44(40.0) | 53(48.2) | 12(10.9) | 1(.9) |
| Group owner | 70(47.3) | 60(40.5) | 14(9.5) | 4(2.7) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|----------|----------|----------|--------|
| Network | 93(42.3) | 98(44.5) | 24(10.9) | 5(2.3) |
| Independent | 21(55.3) | 15(39.5) | 2(5.3) | |

ACCORDING TO MARKET SIZE

| | | | | |
|----------------------|----------|----------|----------|--------|
| Top 25 | 21(50.0) | 16(38.1) | 3(7.1) | 2(4.8) |
| 26-100 | 43(39.4) | 49(45.0) | 14(12.8) | 3(2.8) |
| Smaller than top 100 | 50(47.2) | 47(44.3) | 9(8.5) | |

ACCORDING TO FINANCIAL INTEREST IN CATV

| | | | | |
|-----------|----------|----------|----------|--------|
| Own CATV | 47(57.3) | 22(26.8) | 12(14.6) | 1(1.2) |
| Non-owner | 67(38.1) | 91(51.7) | 14(8.0) | 4(2.3) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 21(55.3) | 11(28.9) | 6(15.8) | |
| Non-owner within B | 78(41.9) | 87(46.8) | 16(8.6) | 5(2.7) |

| | | | | |
|---|-----------|-----------|----------|--------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 102(44.3) | 101(43.9) | 22(9.6) | 5(2.2) |
| No CATV within B | 9(37.5) | 12(50.0) | 3(12.5) | |

| | | | | |
|--|----------|----------|----------|--------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 74(47.4) | 68(43.6) | 13(8.3) | 1(.6) |
| Not imported | 22(43.1) | 20(39.2) | 8(15.7) | 1(2.0) |
| Don't know | 11(27.5) | 21(52.5) | 5(12.5) | 3(7.5) |

Analysis.--The attitudes toward no other item in the questionnaire were as evenly divided as they were on this question. The UHF, independent, and top 25 categories showed a slightly higher favorable response, while those involved in CATV continued to provide the greatest difference in response.

Questionnaire Item II, 9

Rationale.--The Supreme Court has ruled that CATV is not subject to copyright legislation. However, it is anticipated

that a revised law may make cable systems liable for copyright fees. The purpose of this question was to determine broadcasters' attitudes toward the issue.

The question.--Do you feel that CATV systems should be subject to copyright legislation?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 231(89.5) | 15(5.8) | 10(3.9) | 2(.8) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|-----------|----------|---------|--------|
| VHF | 166(91.2) | 10(5.5) | 5(2.7) | 1(.5) |
| UHF | 65(85.5) | 5(6.6) | 5(6.6) | 1(1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|-----------|---------|---------|--------|
| Single station | 99(90.0) | 7(6.4) | 4(3.6) | |
| Group owner | 132(89.2) | 8(5.4) | 6(4.1) | 2(1.4) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|-----------|----------|---------|--------|
| Network | 200(90.9) | 12(5.5) | 6(2.8) | 2(.9) |
| Independent | 31(81.6) | 3(7.9) | 4(10.5) | |

ACCORDING TO MARKET SIZE

| | | | | |
|----------------------|----------|---------|---------|--------|
| Top 25 | 35(83.3) | 3(7.1) | 3(7.2) | 1(2.4) |
| 26-100 | 96(88.1) | 8(7.3) | 4(3.7) | 1(.9) |
| Smaller than top 100 | 99(93.4) | 4(3.8) | 3(2.8) | |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO FINANCIAL INTEREST IN CATV | | | | |
| Own CATV | 68(82.9) | 11(13.4) | 3(3.6) | |
| Non-owner | 163(92.6) | 4(2.3) | 7(4.0) | 2(1.1) |

| | | | | |
|---|-----------|---------|--------|--------|
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 29(76.3) | 7(18.4) | 2(5.3) | |
| Non-owner within B | 170(91.4) | 8(4.3) | 6(3.2) | 2(1.1) |

| | | | | |
|---|-----------|----------|--------|--------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 204(88.7) | 15(6.5) | 9(3.9) | 2(.9) |
| No CATV within B | 23(95.8) | | 1(4.2) | |

| | | | | |
|--|-----------|----------|---------|--------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 140(89.7) | 10(6.4) | 6(3.8) | |
| Not imported | 45(88.2) | 3(5.9) | 3(5.9) | |
| Don't know | 35(87.5) | 2(5.0) | 1(2.5) | 2(5.0) |

Analysis.--The position of the managers is clear on the issue of applying copyright legislation to CATV systems. However, it was surprising to find such a strong affirmative response to this question from those who are involved in cable ownership.

Questionnaire Item II, 10

Rationale.--General reaction to the FCC's proposed importation regulations is that they are a substitute for copyright legislation. In seeking permission to import signals, cable systems would find that stations do not own the copyrights to many of the programs which are broadcast. For this reason, CATV operators would be forced into a situation where clearance would have to be given by the copyright holder before a station could grant permission to extend its signal. The question was asked in an effort to determine if broadcasters viewed this proposed rule as an attempt to draft a substitute for copyright legislation of CATV.

The question.--Do you consider the proposed FCC importation regulations to be, in reality, a substitute for copyright legislation?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 52(20.2) | 144(55.8) | 58(22.5) | 4(1.6) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|----------|-----------|----------|--------|
| VHF | 34(18.7) | 109(59.9) | 36(19.7) | 3(1.6) |
| UHF | 18(23.7) | 35(46.1) | 22(28.9) | 1(1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|----------|----------|----------|--------|
| Single station | 22(20.0) | 61(55.5) | 25(22.7) | 2(1.8) |
| Group owner | 30(20.3) | 83(56.1) | 33(22.3) | 2(1.4) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO NETWORK AFFILIATION | | | | |
| Network | 40(18.2) | 130(59.1) | 46(20.9) | 4(1.8) |
| Independent | 12(31.6) | 14(36.8) | 12(31.6) | |
| ACCORDING TO MARKET SIZE | | | | |
| Top 25 | 12(28.6) | 21(50.0) | 7(16.7) | 2(4.8) |
| 26-100 | 19(17.4) | 63(57.8) | 25(23.0) | 2(1.8) |
| Smaller than top 100 | 21(19.8) | 59(55.7) | 26(24.5) | |
| ACCORDING TO FINANCIAL INTEREST IN CATV | | | | |
| Own CATV | 21(25.6) | 45(54.9) | 15(18.3) | 1(1.2) |
| Non-owner | 31(17.6) | 99(56.3) | 43(24.4) | 3(1.7) |
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 9(23.7) | 23(60.5) | 6(15.8) | |
| Non-owner within B | 34(18.3) | 104(55.9) | 46(24.8) | 2(1.1) |
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 45(19.6) | 129(56.1) | 52(22.6) | 4(1.7) |
| No CATV within B | 6(25.0) | 12(50.0) | 6(25.0) | |
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 32(20.5) | 95(60.9) | 28(18.0) | 1(.6) |
| Not imported | 9(17.6) | 24(47.1) | 18(35.3) | |
| Don't know | 8(20.0) | 18(45.0) | 12(30.0) | 2(5.0) |

Analysis.--Although the importation rules have been viewed as a substitute for copyright legislation, it is obvious that the majority of the managers who replied to this questionnaire did not agree. One interpretation of these results could be that broadcasters want copyright legislation which covers CATV rather than a set of regulations which attempt to accomplish the same purpose indirectly. The difference in response between the network and independent stations is difficult to explain, as is the large percentage of "no opinion" responses.

Questionnaire Item II, 11

Rationale.--If CATV systems were required to originate local programming, the television stations in a cable community would be subject to a potential increase in competition for audience. The situation for the cable systems would also change as they would have to enter the open marketplace and compete for available program material and personnel. This question was asked in order to determine attitudes toward this proposed regulation and to observe any differences between managers who are financially involved in CATV and those who are not.

The question.--Should CATV systems be required to originate programming?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|------------------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 16(6.2) | 213(82.6) | 27(10.4) | 2(.8) |

ACCORDING TO TYPE OF STATION

| | | | | |
|------------|----------|-----------|----------|--------|
| VHF | 11(6.0) | 152(83.5) | 18(9.9) | 1(.5) |
| UHF | 5(6.6) | 61(80.3) | 9(11.8) | 1(1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|---------------------------|---------|-----------|----------|--------|
| Single station | 7(6.4) | 90(81.8) | 13(11.8) | |
| Group owner | 9(6.1) | 123(83.1) | 14(9.4) | 2(1.4) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|--------------------|----------|-----------|----------|--------|
| Network | 12(5.5) | 185(84.1) | 21(9.5) | 2(.9) |
| Independent | 4(10.5) | 28(73.7) | 6(15.8) | |

ACCORDING TO MARKET SIZE

| | | | | |
|---------------------------------|----------|----------|----------|--------|
| Top 25 | 3(7.1) | 32(76.2) | 6(14.3) | 1(2.4) |
| 26-100 | 10(9.2) | 90(82.6) | 8(7.4) | 1(.9) |
| Smaller than top 100 | 3(2.8) | 90(84.9) | 13(12.3) | |

ACCORDING TO FINANCIAL INTEREST IN CATV

| | | | | |
|------------------|----------|-----------|----------|--------|
| Own CATV | 4(4.9) | 71(86.6) | 7(8.5) | |
| Non-owner | 12(6.8) | 142(80.7) | 20(11.3) | 2(1.1) |

ACCORDING TO FINANCIAL INTEREST IN CATV
WITHIN GRADE B CONTOUR

| | | | | |
|-------------------------------|----------|-----------|----------|--------|
| Own CATV within B | 1(2.6) | 34(89.5) | 3(7.9) | |
| Non-owner within B | 13(7.0) | 153(82.3) | 18(9.7) | 2(1.1) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 14(6.1) | 193(83.9) | 21(9.1) | 2(.9) |
| No CATV within B | 2(8.3) | 17(70.8) | 5(20.9) | |

| | | | | |
|--|---------|-----------|----------|--------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 9(5.8) | 129(82.7) | 18(11.6) | |
| Not imported | 3(5.9) | 43(84.3) | 5(9.8) | |
| Don't know | 3(7.5) | 31(77.5) | 4(10.0) | 2(5.0) |

Analysis.--Attitudes toward requiring CATV systems to originate local programming are clear. It is interesting to note that managers with financial interests in cable felt even more strongly about the question than those who are not involved in CATV. The total number of independent stations is small, and this should be taken into account when looking at that category. However, it is interesting to observe their responses to this question because local origination by CATV systems might provide more competition to an independent station than to a network affiliate.

Questionnaire Item II, 12

Rationale.--This question was asked to determine if there were a difference in attitude toward permitting local CATV origination of programming rather than requiring it,

as indicated in the previous question.

The question.--Should CATV systems be permitted to originate local programming?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 97(37.6) | 131(50.8) | 26(10.0) | 4(1.6) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|----------|----------|----------|--------|
| VHF | 74(40.7) | 88(48.4) | 17(9.3) | 3(1.6) |
| UHF | 23(30.3) | 43(56.6) | 9(11.8) | 1(1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|----------|----------|----------|--------|
| Single station | 36(32.7) | 61(55.5) | 13(11.8) | |
| Group owner | 61(41.2) | 70(47.3) | 13(8.8) | 4(2.7) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|----------|-----------|----------|--------|
| Network | 80(36.4) | 116(52.7) | 20(9.1) | 4(1.8) |
| Independent | 17(44.7) | 15(39.5) | 6(15.8) | |

ACCORDING TO MARKET SIZE

| | | | | |
|----------------------|----------|----------|----------|--------|
| Top 25 | 24(57.1) | 11(26.2) | 6(14.3) | 1(2.4) |
| 26-100 | 43(39.4) | 54(49.5) | 9(8.2) | 3(2.8) |
| Smaller than top 100 | 30(28.3) | 65(61.3) | 11(10.4) | |

ACCORDING TO FINANCIAL INTEREST IN CATV

| | | | | |
|-----------|----------|-----------|----------|--------|
| Own CATV | 49(59.8) | 27(32.9) | 5(6.1) | 1(1.2) |
| Non-owner | 48(27.3) | 104(59.1) | 21(11.9) | 3(1.7) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 25(65.8) | 11(28.9) | 2(5.3) | |
| Non-owner within B | 57(30.6) | 109(58.6) | 16(8.6) | 4(2.2) |

| | | | | |
|---|----------|-----------|----------|--------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 86(37.4) | 122(53.0) | 18(7.8) | 4(1.7) |
| No CATV within B | 8(33.3) | 9(37.5) | 7(29.1) | |

| | | | | |
|--|----------|----------|----------|--------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 65(41.7) | 73(46.8) | 17(10.9) | 1(.6) |
| Not imported | 13(25.5) | 33(64.7) | 4(7.8) | 1(2.0) |
| Don't know | 11(27.5) | 22(55.0) | 5(12.5) | 2(5.0) |

Analysis.--Although it is difficult to interpret the results of each of the above categories without more information, two points are clear. (1) Managers who have financial interests in CATV indicated a somewhat stronger affirmative reaction to the question than did those who do not own cable systems. However, an even greater difference might have been expected. (2) The managers, as a total group, were not as strongly opposed to giving CATV systems permission to originate local programming as they were to requiring such origination.

Questionnaire Item II, 13

Rationale.--At the time this questionnaire was sent, the FCC had not proposed rules regarding the origination of commercials by CATV systems. Therefore, the question was asked in an effort to determine how strongly broadcasters felt about possible CATV competition for the advertising dollar at the local level.

The question.--Should CATV systems be permitted to originate commercials as a part of local programming?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 45(17.4) | 200(77.5) | 11(4.2) | 2(.8) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|----------|-----------|---------|--------|
| VHF | 30(16.5) | 144(79.1) | 7(3.8) | 1(.5) |
| UHF | 15(19.7) | 56(73.7) | 4(5.2) | 1(1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|----------|-----------|---------|--------|
| Single station | 13(11.8) | 92(83.6) | 5(4.5) | |
| Group owner | 32(21.6) | 108(73.0) | 6(4.1) | 2(1.4) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|----------|-----------|---------|--------|
| Network | 34(15.5) | 175(79.5) | 9(4.1) | 2(.9) |
| Independent | 11(28.9) | 25(65.8) | 2(5.2) | |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|--------------------------|------------|-----------|-----------------------|----------------------|
| ACCORDING TO MARKET SIZE | | | | |
| Top 25 | 15(35.7) | 23(54.8) | 3(7.2) | 1(2.4) |
| 26-100 | 21(19.3) | 83(76.1) | 4(3.6) | 1(.9) |
| Smaller than top 100 | 9(8.5) | 93(87.7) | 4(3.8) | |

| | | | | |
|---|----------|-----------|----------|--------|
| ACCORDING TO FINANCIAL INTEREST IN CATV | | | | |
| Own CATV | 29(35.4) | 52(63.4) | 1(1.2) | |
| Non-owner | 16(9.1) | 148(84.1) | 10(5.6) | 2(1.1) |

| | | | | |
|---|----------|-----------|---------|--------|
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 15(39.5) | 22(57.9) | 1(2.6) | |
| Non-owner within B | 22(11.8) | 154(82.8) | 8(4.3) | 2(1.1) |

| | | | | |
|---|----------|-----------|---------|--------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 41(17.8) | 178(77.4) | 9(3.9) | 2(.9) |
| No CATV within B | 1(4.2) | 21(87.5) | 2(8.3) | |

| | | | | |
|--|----------|-----------|---------|--------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 30(19.2) | 119(76.3) | 7(4.5) | |
| Not imported | 6(11.8) | 44(86.3) | 1(2.0) | |
| Don't know | 3(7.5) | 32(80.0) | 3(7.5) | 2(5.0) |

Analysis.--The opinion against the origination of commercials by cable systems was stronger than the opposition to the permitting of local programming, but not as strong as that against requiring CATV program origination. Although opinions differed among the various categories above, the least concern seemed to be among managers in the top 25 markets and those who operate CATV systems. The large market stations probably see less potential threat from the cable, and those with financial interest in community antenna television would benefit from the added source of revenue.

Questionnaire Item II, 14

Rationale.--Expectation on this question was that, if CATV systems were allowed to originate programming, broadcasters would desire appropriate regulations which would be comparable to those imposed upon stations.

The question.--If CATV systems are permitted, or required, to originate local programming, should they be subject to the same regulations which pertain to broadcasters, i.e., Section 315, Fairness Doctrine, sponsor identification, etc.?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|------------------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 244(94.6) | 4(1.6) | 7(2.7) | 3(1.2) |
| ACCORDING TO TYPE OF STATION | | | | |
| VHF | 172(94.5) | 4(2.2) | 5(2.7) | 1(.5) |
| UHF | 72(94.7) | | 2(2.6) | 2(2.6) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO TYPE OF STATION OWNERSHIP | | | | |
| Single station | 107(97.3) | | 2(1.8) | 1(.9) |
| Group owner | 137(92.6) | 4(2.7) | 5(3.4) | 2(1.4) |
| ACCORDING TO NETWORK AFFILIATION | | | | |
| Network | 208(94.5) | 4(1.8) | 6(2.8) | 2(.9) |
| Independent | 36(94.7) | | 1(2.6) | 1(2.6) |
| ACCORDING TO MARKET SIZE | | | | |
| Top 25 | 39(92.9) | 1(2.4) | 1(2.4) | 1(2.4) |
| 26-100 | 100(91.7) | 2(1.8) | 5(4.6) | 2(1.8) |
| Smaller than top 100 | 104(98.1) | 1(.9) | 1(.9) | |
| ACCORDING TO FINANCIAL INTEREST IN CATV | | | | |
| Own CATV | 75(91.5) | 2(2.4) | 5(6.1) | |
| Non-owner | 169(96.0) | 2(1.1) | 2(1.1) | 3(1.7) |
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 34(89.5) | 2(5.3) | 2(5.2) | |
| Non-owner within B | 179(96.2) | 2(1.1) | 2(1.1) | 3(1.6) |
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 218(94.8) | 4(1.7) | 5(2.1) | 3(1.3) |
| No CATV within B | 24(100.0) | | | |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|--|------------|-----------|-----------------------|----------------------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 150(96.2) | 3(1.9) | 2(1.2) | 1(.6) |
| Not imported | 49(96.1) | 1(2.0) | 1(2.0) | |
| Don't know | 37(92.5) | | 1(2.5) | 2(5.0) |

Analysis.--This question provided the strongest one-sided response of any item in the questionnaire. Even in the category, Financial Interest in CATV, where a wider variation might have been expected, opinions were not significantly different. It was obvious that the television station managers felt strongly about the fact that FCC regulations which pertain to broadcast programming should also be applied to CATV systems. This would eliminate a competitive advantage which cable television might otherwise enjoy.

Questionnaire Item II, 15

Rationale.--The Federal Communications Commission has expressed increased interest in diversification of ownership in broadcast facilities. The purpose of this question was to determine opinions regarding multi-media ownership as it relates to CATV.

The question.--Should a TV station owner be prohibited from owning a CATV system within his own Grade B contour?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|------------|-----------------------|----------------------|
| Total Respondents | 67 (26.0) | 149 (57.8) | 39 (15.1) | 3 (1.2) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|-----------|------------|-----------|---------|
| VHF | 45 (24.7) | 110 (60.4) | 25 (13.7) | 2 (1.1) |
| UHF | 22 (28.9) | 39 (51.3) | 14 (18.4) | 1 (1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|-----------|-----------|-----------|---------|
| Single station | 36 (32.7) | 59 (53.6) | 14 (12.7) | 1 (.9) |
| Group owner | 31 (20.9) | 90 (60.8) | 25 (16.9) | 2 (1.4) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|-----------|------------|-----------|---------|
| Network | 57 (25.9) | 128 (58.2) | 32 (14.6) | 3 (1.4) |
| Independent | 10 (26.3) | 21 (55.3) | 7 (18.4) | |

ACCORDING TO MARKET SIZE

| | | | | |
|----------------------|-----------|-----------|-----------|---------|
| Top 25 | 3 (7.1) | 30 (71.4) | 8 (19.0) | 1 (2.4) |
| 26-100 | 24 (22.0) | 65 (59.6) | 18 (16.5) | 2 (1.8) |
| Smaller than top 100 | 40 (37.7) | 53 (50.0) | 13 (12.3) | |

ACCORDING TO FINANCIAL INTEREST IN CATV

| | | | | |
|-----------|-----------|-----------|-----------|---------|
| Own CATV | 7 (8.5) | 66 (80.5) | 9 (11.0) | |
| Non-owner | 60 (34.1) | 83 (47.2) | 30 (17.0) | 3 (1.7) |

ACCORDING TO FINANCIAL INTEREST IN CATV
WITHIN GRADE B CONTOUR

| | | | | |
|--------------------|-----------|-----------|-----------|---------|
| Own CATV within B | | 37 (97.4) | 1 (2.6) | |
| Non-owner within B | 56 (30.1) | 94 (50.5) | 34 (18.2) | 2 (1.1) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 57(24.8) | 135(58.7) | 35(15.2) | 3(1.3) |
| No CATV within B | 9(37.5) | 11(45.8) | 4(16.7) | |

| | | | | |
|--|----------|----------|----------|--------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 38(24.4) | 90(57.7) | 28(17.9) | |
| Not imported | 16(31.4) | 31(60.8) | 4(7.9) | |
| Don't know | 12(30.0) | 19(47.5) | 7(17.5) | 2(5.0) |

Analysis.--FCC action in other areas of diversification of ownership of media may have been responsible for the divided opinions indicated above. The non-owners of CATV systems indicated the strongest affirmative response, but even they did not provide a dramatic contrast from those who have a financial interest in cable. Once again, the opinions of the large market managers differed considerably from those of the medium and small market operations.

Questionnaire Item II, 16

Rationale.--The purpose of this question was to determine broadcasters' opinions on another facet of multi-media ownership. This issue represents another area of proposed FCC rulemaking.

The question.--Should each CATV company be limited in the number of local systems which it may own nationally?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 140(54.3) | 78(30.2) | 36(14.0) | 4(1.6) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|----------|----------|----------|--------|
| VHF | 95(52.2) | 59(32.4) | 25(13.7) | 3(1.6) |
| UHF | 45(59.2) | 19(25.0) | 11(14.5) | 1(1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|----------|----------|----------|--------|
| Single station | 71(64.5) | 24(21.8) | 13(11.8) | 2(1.8) |
| Group owner | 69(46.6) | 54(36.5) | 23(15.6) | 2(1.4) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|-----------|----------|----------|--------|
| Network | 121(55.0) | 64(29.1) | 31(14.1) | 4(1.8) |
| Independent | 19(50.0) | 14(36.8) | 5(13.2) | |

ACCORDING TO MARKET SIZE

| | | | | |
|----------------------|----------|----------|----------|--------|
| Top 25 | 13(31.0) | 22(52.4) | 5(11.9) | 2(4.8) |
| 26-100 | 61(56.0) | 33(30.3) | 13(11.9) | 2(1.8) |
| Smaller than top 100 | 66(62.3) | 22(20.8) | 18(16.9) | |

ACCORDING TO FINANCIAL INTEREST IN CATV

| | | | | |
|-----------|-----------|----------|----------|--------|
| Own CATV | 25(30.5) | 47(57.3) | 10(12.2) | |
| Non-owner | 115(65.3) | 31(17.6) | 26(14.7) | 4(2.3) |

ACCORDING TO FINANCIAL INTEREST IN CATV
WITHIN GRADE B CONTOUR

| | | | | |
|--------------------|-----------|----------|----------|--------|
| Own CATV within B | 11(28.9) | 21(55.3) | 6(15.8) | |
| Non-owner within B | 111(59.7) | 46(24.7) | 26(13.9) | 3(1.6) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 123(53.5) | 71(30.9) | 32(13.9) | 4(1.7) |
| No CATV within B | 16(66.7) | 4(16.7) | 4(16.7) | |

| | | | | |
|--|----------|----------|----------|--------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 83(53.2) | 47(30.1) | 26(16.7) | |
| Not imported | 31(60.8) | 14(27.5) | 6(11.7) | |
| Don't know | 23(57.5) | 10(25.0) | 4(10.0) | 3(7.5) |

Analysis.--Over twice as many affirmative responses are indicated to this question as were recorded for the previous item. Although each concerned the issue of multi-media ownership, the managers felt much more strongly about the potential of national control of cable than about local cross-ownership. It should be noted that degrees of variation among the descriptive categories were similar in both questions.

Questionnaire Item II, 17

Rationale.--Although it was expected that most station managers would agree that the FCC should regulate cable television, this question was asked in order to determine whether there was any significant difference in opinion among the various descriptive categories.

The question.--In your opinion, is the FCC the appropriate federal agency to regulate CATV?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 233(90.3) | 7(2.7) | 16(6.2) | 2(.8) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|-----------|---------|----------|--------|
| VHF | 165(90.7) | 4(2.2) | 12(6.6) | 1(.5) |
| UHF | 68(89.5) | 3(3.9) | 4(5.2) | 1(1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|-----------|---------|----------|--------|
| Single station | 99(90.0) | 5(4.5) | 6(5.4) | |
| Group owner | 134(90.5) | 2(1.4) | 10(6.8) | 2(1.4) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|-----------|---------|----------|--------|
| Network | 201(91.4) | 4(1.8) | 13(5.9) | 2(.9) |
| Independent | 32(84.2) | 3(7.9) | 3(7.9) | |

ACCORDING TO MARKET SIZE

| | | | | |
|----------------------|----------|---------|---------|--------|
| Top 25 | 36(85.7) | 2(4.8) | 3(7.1) | 1(2.4) |
| 26-100 | 97(89.0) | 3(2.8) | 8(7.3) | 1(.9) |
| Smaller than top 100 | 99(93.4) | 2(1.9) | 5(4.7) | |

ACCORDING TO FINANCIAL INTEREST IN CATV

| | | | | |
|-----------|-----------|---------|----------|--------|
| Own CATV | 74(90.2) | 2(2.4) | 6(7.3) | |
| Non-owner | 159(90.3) | 5(2.8) | 10(5.7) | 2(1.1) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 35(92.1) | 1(2.6) | 2(5.3) | |
| Non-owner within B | 167(89.8) | 4(2.2) | 13(7.0) | 2(1.1) |

| | | | | |
|---|-----------|---------|----------|--------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 208(90.4) | 5(2.2) | 15(6.5) | 2(.9) |
| No CATV within B | 21(87.5) | 2(8.3) | 1(4.2) | |

| | | | | |
|--|-----------|---------|----------|--------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 140(89.7) | 4(2.6) | 12(7.7) | |
| Not imported | 48(94.1) | 1(2.0) | 2(4.0) | |
| Don't know | 34(85.0) | 2(5.0) | 2(5.0) | 2(5.0) |

Analysis.--Very few managers in any category, including owners of CATV systems, questioned the appropriateness of FCC jurisdiction in cable television. A slightly lower percentage of large market managers is noted, but the difference is not what could be classified as significant.

Questionnaire Item II, 18

Rationale.--There has been much discussion about the appropriateness of regulation of CATV by the individual states. Connecticut and Nevada have assumed limited control

of their cable systems by classifying them as utilities. The question has also been raised concerning the possibility of placing at least a portion of CATV activity in the category of common carrier. This question was designed to determine broadcasters' attitudes toward the issue. It should be remembered that over 90% of them had already affirmed their belief in federal regulation by the FCC.

The question.--Should the individual states have any regulatory jurisdiction over CATV systems?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 60(23.3) | 159(61.6) | 35(13.6) | 4(1.6) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|----------|-----------|----------|--------|
| VHF | 40(22.0) | 112(61.5) | 27(14.8) | 3(1.6) |
| UHF | 20(26.3) | 47(61.8) | 8(10.5) | 1(1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|----------|----------|----------|--------|
| Single station | 27(24.5) | 67(60.9) | 14(12.7) | 2(1.8) |
| Group owner | 33(22.3) | 92(62.2) | 21(14.2) | 2(1.4) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|----------|-----------|----------|--------|
| Network | 53(24.1) | 133(60.5) | 30(13.7) | 4(1.8) |
| Independent | 7(18.4) | 26(68.4) | 5(13.2) | |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO MARKET SIZE | | | | |
| Top 25 | 12(28.6) | 24(57.1) | 4(9.5) | 2(4.8) |
| 26-100 | 19(17.4) | 75(68.8) | 13(11.9) | 2(1.8) |
| Smaller than top 100 | 28(26.4) | 60(56.6) | 18(16.9) | |
| ACCORDING TO FINANCIAL INTEREST IN CATV | | | | |
| Own CATV | 12(14.6) | 63(76.8) | 7(8.5) | |
| Non-owner | 48(27.3) | 96(54.5) | 28(15.9) | 4(2.3) |
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 2(5.3) | 32(84.2) | 4(10.5) | |
| Non owner within B | 50(26.9) | 107(57.5) | 26(14.0) | 3(1.6) |
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 53(23.0) | 143(62.2) | 30(13.0) | 4(1.7) |
| No CATV within B | 7(29.2) | 13(54.2) | 4(16.7) | |
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 34(21.8) | 99(63.5) | 23(14.7) | |
| Not imported | 15(29.4) | 31(60.8) | 5(9.8) | |
| Don't know | 9(22.5) | 21(52.5) | 7(17.5) | 3(7.5) |

Analysis.--A majority of every category of managers indicated opposition to state jurisdiction of CATV.

As expected, those who have financial interests in cable systems expressed the strongest opposition to such regulation. Most of the other groups paralleled the "total respondent" category, with a few minor exceptions which are noted above.

Questionnaire Item II, 19

Rationale.--Individual communities have asserted control over local aspects of cable television for many years and the FCC has encouraged a continuance of the practice. This question was designed to determine broadcasters' attitudes toward government regulation of CATV at the local level.

The question.--Should local communities have the power to franchise CATV systems?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 180(69.8) | 55(21.3) | 21(8.2) | 2(.8) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|-----------|----------|----------|--------|
| VHF | 134(73.6) | 35(19.2) | 12(6.5) | 1(.5) |
| UHF | 46(60.5) | 20(26.3) | 9(11.8) | 1(1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|-----------|----------|----------|--------|
| Single station | 77(70.0) | 25(22.7) | 8(7.3) | |
| Group owner | 103(69.6) | 30(20.3) | 13(8.8) | 2(1.4) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO NETWORK AFFILIATION | | | | |
| Network | 157(71.4) | 43(19.5) | 18(8.2) | 2(.9) |
| Independent | 23(60.5) | 12(31.6) | 3(7.9) | |
| ACCORDING TO MARKET SIZE | | | | |
| Top 25 | 31(73.8) | 8(19.0) | 2(4.8) | 1(2.4) |
| 26-100 | 67(61.5) | 29(26.6) | 12(11.0) | 1(.9) |
| Smaller than top 100 | 81(76.4) | 18(17.0) | 7(6.6) | |
| ACCORDING TO FINANCIAL INTEREST IN CATV | | | | |
| Own CATV | 58(70.7) | 18(22.0) | 6(7.3) | |
| Non-owner | 122(69.3) | 37(21.0) | 15(8.5) | 2(1.1) |
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 25(65.8) | 10(26.3) | 3(7.9) | |
| Non-owner within B | 131(70.4) | 37(19.9) | 16(8.6) | 2(1.1) |
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 161(70.0) | 48(20.9) | 19(8.3) | 2(.9) |
| No CATV within B | 16(66.7) | 7(29.2) | 1(4.2) | |
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 110(70.5) | 34(21.8) | 12(7.7) | |
| Not imported | 35(68.6) | 11(21.6) | 5(9.8) | |
| Don't know | 26(65.0) | 9(22.5) | 3(7.5) | 2(5.0) |

Analysis.--Approximately 70% of the managers approved of the local power to franchise CATV systems. The UHF and Independent stations were less positive in their responses than the other categories, but the surprising result was that almost no differences of opinion existed between owners and non-owners of cable television systems.

Questionnaire Item II, 20

Rationale.--It has been widely believed that the fragmentation of audience, which CATV often produces, hurts UHF more than VHF stations. The FCC's proposed importation rules were designed, in part, to minimize any potential adverse effect. This question was asked in an effort to determine how satisfactorily the broadcasters felt the problem would be solved in the top 100 markets.

The question.--If current proposed FCC rulemaking is adopted, will CATV deter the development of local UHF stations in the top 100 markets?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|------------------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 167(64.7) | 56(21.7) | 30(11.7) | 5(1.9) |
| ACCORDING TO TYPE OF STATION | | | | |
| VHF | 123(67.6) | 39(21.4) | 17(9.3) | 3(1.6) |
| UHF | 44(57.9) | 17(22.4) | 13(17.1) | 2(2.6) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO TYPE OF STATION OWNERSHIP | | | | |
| Single station | 75(68.2) | 20(18.2) | 14(12.7) | 1(.9) |
| Group owner | 92(62.2) | 36(24.3) | 16(10.9) | 4(2.7) |
| ACCORDING TO NETWORK AFFILIATION | | | | |
| Network | 145(65.9) | 46(20.9) | 25(11.4) | 4(1.8) |
| Independent | 22(57.9) | 10(26.3) | 5(13.2) | 1(2.6) |
| ACCORDING TO MARKET SIZE | | | | |
| Top 25 | 19(45.2) | 15(35.7) | 6(14.3) | 2(4.8) |
| 26-100 | 75(68.8) | 24(22.0) | 8(7.3) | 2(1.8) |
| Smaller than top 100 | 72(67.9) | 17(16.0) | 16(15.1) | 1(.9) |
| ACCORDING TO FINANCIAL INTEREST IN CATV | | | | |
| Own CATV | 44(53.7) | 30(36.6) | 8(9.7) | |
| Non-owner | 123(69.9) | 26(14.8) | 22(12.5) | 5(2.8) |
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 21(55.3) | 14(36.8) | 3(7.9) | |
| Non-owner within B | 124(66.7) | 33(17.7) | 25(13.5) | 4(2.2) |
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 147(63.9) | 51(22.2) | 28(12.2) | 4(1.7) |
| No CATV within B | 19(79.2) | 2(8.3) | 2(8.3) | 1(4.2) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|--|------------|-----------|-----------------------|----------------------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 100(64.1) | 35(22.4) | 19(12.2) | 2(1.3) |
| Not imported | 36(70.6) | 7(13.7) | 7(13.7) | 1(2.0) |
| Don't know | 27(67.5) | 7(17.5) | 4(10.0) | 2(5.0) |

Analysis.--The difference of opinion between the managers of stations in the top 25 markets and those in the medium and small communities presents a very interesting contrast. Again, the responses would seem to indicate that large market station operators do not envision CATV with as much fear as do the smaller market managers. Even the medium market bracket, 26-100, was above the over-all response pattern on the affirmative side. The majority of the CATV owners also indicated that CATV will deter UHF development in the top 100 markets, but their margin of difference was neither as wide as that of the "total respondents" nor as close as the response of the "top 25" managers.

Questionnaire Item II, 21

Rationale.--The FCC's proposed rules would permit more importation into smaller markets than into those which are classified as the top 100. The purpose of this question was to determine attitudes toward potential effect on UHF development in these smaller markets and to discover whether opinions differ from those which were expressed in response to the previous question.

The question.--If current proposed FCC rulemaking is adopted, will CATV deter the development of local UHF stations in markets under the top 100?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 191(74.0) | 41(15.9) | 22(8.6) | 4(1.6) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|-----------|----------|----------|--------|
| VHF | 138(75.8) | 25(13.7) | 16(8.7) | 3(1.6) |
| UHF | 53(69.7) | 16(21.1) | 6(7.9) | 1(1.3) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|-----------|----------|----------|--------|
| Single station | 87(79.1) | 15(13.6) | 8(7.3) | |
| Group owner | 104(70.3) | 26(17.6) | 14(9.4) | 4(2.7) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|-----------|----------|----------|--------|
| Network | 169(76.8) | 29(13.2) | 18(8.2) | 4(1.8) |
| Independent | 22(57.9) | 12(31.6) | 4(10.5) | |

ACCORDING TO MARKET SIZE

| | | | | |
|----------------------|----------|----------|----------|--------|
| Top 25 | 20(47.6) | 14(33.3) | 5(11.9) | 3(7.1) |
| 26-100 | 82(75.2) | 15(13.8) | 11(10.1) | 1(.9) |
| Smaller than top 100 | 88(83.0) | 12(11.3) | 6(5.7) | |

ACCORDING TO FINANCIAL INTEREST IN CATV

| | | | | |
|-----------|-----------|----------|----------|--------|
| Own CATV | 51(62.2) | 23(28.0) | 8(9.7) | |
| Non-owner | 140(79.5) | 18(10.2) | 14(8.0) | 4(2.3) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 26(68.4) | 8(21.1) | 4(10.5) | |
| Non-owner within B | 141(75.8) | 25(13.4) | 16(8.6) | 4(2.2) |

| | | | | |
|---|-----------|----------|----------|--------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 169(73.5) | 37(16.1) | 20(8.7) | 4(1.7) |
| No CATV within B | 21(87.5) | 1(4.2) | 2(8.3) | |

| | | | | |
|--|-----------|----------|----------|--------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 113(72.4) | 24(15.4) | 17(10.9) | 2(1.3) |
| Not imported | 43(84.3) | 6(11.8) | 2(3.9) | |
| Don't know | 30(75.0) | 5(12.5) | 3(7.5) | 2(5.0) |

Analysis.--Nearly 10% more managers responded that CATV would deter UHF development in smaller markets than believed it would be a deterrent in the top 100 markets. However, the affirmative responses of representatives of the top 25 markets increased only 2.4%, while the number of "yes" opinions expressed by independent operators was the same as that for the previous question. This would seem to indicate that these categories of managers do not see market size as a factor when considering the potential effect of CATV on UHF development.

The degree of difference between CATV owners and non-owners was approximately the same as that in question 20.

Questionnaire Item II, 22

Rationale.--Critics say that CATV is the first step in establishing a Pay, or Subscription, television system. This possibility has become more realistic since the FCC has proposed that cable systems may be required to originate their own programming. Broadcasters' attitudes toward the issue were sought in an attempt to determine the strength of their feelings and to discover differences of opinion, particularly between owners and non-owners of CATV.

The question.--In your opinion, will CATV evolve into a form of Pay, or Subscription, television, where a subscriber pays for a portion of the service on a "per program" basis?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 192(74.4) | 44(17.1) | 19(7.4) | 3(1.2) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|-----------|----------|----------|--------|
| VHF | 142(78.0) | 28(15.4) | 11(6.0) | 1(.5) |
| UHF | 50(65.8) | 16(21.1) | 8(10.5) | 2(2.6) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|-----------|----------|----------|--------|
| Single station | 87(79.1) | 14(12.7) | 8(7.3) | 1(.9) |
| Group owner | 105(70.9) | 30(20.3) | 11(7.5) | 2(1.4) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|----------------------------------|------------|-----------|-----------------------|----------------------|
| ACCORDING TO NETWORK AFFILIATION | | | | |
| Network | 170(77.3) | 33(15.0) | 15(6.8) | 2(.9) |
| Independent | 22(57.9) | 11(28.9) | 5(10.6) | 1(2.6) |

| | | | | |
|--------------------------|----------|----------|---------|--------|
| ACCORDING TO MARKET SIZE | | | | |
| Top 25 | 24(57.1) | 13(31.0) | 4(9.5) | 1(2.4) |
| 26-100 | 82(75.2) | 17(15.6) | 9(8.2) | 1(.9) |
| Smaller than top 100 | 85(80.2) | 14(13.2) | 6(5.6) | 1(.9) |

| | | | | |
|---|-----------|----------|----------|--------|
| ACCORDING TO FINANCIAL INTEREST IN CATV | | | | |
| Own CATV | 44(53.7) | 29(35.4) | 9(10.9) | |
| Non-owner | 148(84.1) | 15(8.5) | 10(5.6) | 3(1.7) |

| | | | | |
|---|-----------|----------|----------|--------|
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 19(50.0) | 15(39.5) | 4(10.5) | |
| Non-owner within B | 150(80.6) | 22(11.8) | 12(6.5) | 2(1.1) |

| | | | | |
|---|-----------|----------|----------|--------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 172(74.8) | 40(17.4) | 16(7.0) | 2(.9) |
| No CATV within B | 19(79.2) | 1(4.2) | 4(12.5) | 1(4.2) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|--|------------|-----------|-----------------------|----------------------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 116(74.4) | 27(17.3) | 13(8.4) | |
| Not imported | 40(78.4) | 8(15.7) | 2(3.9) | 1(2.0) |
| Don't know | 31(77.5) | 3(7.5) | 4(10.0) | 2(5.0) |

Analysis.--The differences of opinion which are reflected in the data above are not nearly as significant nor as surprising as the fact that almost 75% of the managers who responded thought that Pay television would evolve from our current CATV system.

Questionnaire Item II, 23

Rationale.--The conclusion of the research which was published in the book, Television and the Wired City, was that CATV provided additional choices of programs which were similar rather than a greater diversity of types of programming.¹⁰ This question was asked in order to determine broadcasters' attitudes toward the issue. The responses of the managers of independent stations were of particular interest because they are most apt to feel that they offer types of programs which are different from those available on network affiliates.

¹⁰Herman W. Land Associates, Inc., Television and the Wired City (Washington, D.C.: National Association of Broadcasters, 1968), pp. 15-16.

The question.--In your opinion, does CATV provide a greater diversity of types of television programming than is available without a cable system?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 106(41.1) | 128(49.6) | 21(8.2) | 3(1.2) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|----------|----------|----------|--------|
| VHF | 71(39.0) | 95(52.2) | 15(8.2) | 1(.5) |
| UHF | 35(46.1) | 33(43.4) | 6(7.9) | 2(2.6) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|----------|----------|----------|--------|
| Single station | 45(40.9) | 57(51.8) | 8(7.3) | |
| Group owner | 61(41.2) | 71(48.0) | 13(8.8) | 3(2.0) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|----------|-----------|----------|--------|
| Network | 87(39.5) | 112(50.9) | 18(8.2) | 3(1.4) |
| Independent | 19(50.0) | 16(42.1) | 3(7.9) | |

ACCORDING TO MARKET SIZE

| | | | | |
|----------------------|----------|----------|----------|--------|
| Top 25 | 21(50.0) | 18(42.9) | 2(4.8) | 1(2.4) |
| 26-100 | 42(38.5) | 55(50.5) | 11(10.1) | 1(.9) |
| Smaller than top 100 | 43(40.6) | 54(50.9) | 8(7.5) | 1(.9) |

ACCORDING TO FINANCIAL INTEREST IN CATV

| | | | | |
|-----------|----------|----------|----------|--------|
| Own CATV | 43(52.4) | 33(40.2) | 6(7.3) | |
| Non-owner | 63(35.8) | 95(54.0) | 15(8.5) | 3(1.7) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 25(65.8) | 11(28.9) | 2(5.3) | |
| Non-owner within B | 68(36.6) | 97(52.2) | 18(9.7) | 3(1.6) |

| | | | | |
|---|----------|-----------|----------|--------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 97(42.2) | 110(47.8) | 20(8.7) | 3(1.3) |
| No CATV within B | 6(25.0) | 17(70.8) | 1(4.2) | |

| | | | | |
|--|----------|----------|----------|--------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 68(43.6) | 75(48.1) | 12(7.7) | 1(.6) |
| Not imported | 18(35.3) | 27(52.9) | 6(11.8) | |
| Don't know | 14(35.0) | 21(52.5) | 3(7.5) | 2(5.0) |

Analysis.--The response to only one other question (number 8) was more evenly divided than these opinions on diversity of types of programs provided by CATV. A somewhat greater percentage of affirmative opinions was expressed by managers of stations which are independent, in large markets, or which have financial interest in CATV. Once again, the managers with the strongest feelings were those who are located in areas without cable systems.

Questionnaire Item II, 24

Rationale.--The FCC has been under much pressure to provide more spectrum space for uses other than radio and

television broadcasting. One of the ways this might be accomplished is to change the method of distribution of broadcast station signals to a cable, or closed circuit, system. The greatest deterrent to this proposal at the present time is that it would be too costly and impractical in the rural areas. However, if the technology is developed which will permit the change, the "wired city" could be a reality. This question was intended to seek attitudes toward such a development.

The question.--Do you perceive CATV as the forerunner of a change in the mode of distribution of television programming from the present broadcast, or "on-the-air", system to a national non-broadcast cable, or "wired city", concept?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 130(50.4) | 83(32.2) | 39(15.1) | 6(2.3) |

ACCORDING TO TYPE OF STATION

| | | | | |
|-----|----------|----------|----------|--------|
| VHF | 90(49.5) | 58(31.9) | 30(16.4) | 4(2.2) |
| UHF | 40(52.6) | 25(32.9) | 9(11.8) | 2(2.6) |

ACCORDING TO TYPE OF STATION OWNERSHIP

| | | | | |
|----------------|----------|----------|----------|--------|
| Single station | 53(48.2) | 35(31.8) | 20(18.2) | 2(1.8) |
| Group owner | 77(52.0) | 48(32.4) | 19(12.9) | 4(2.7) |

ACCORDING TO NETWORK AFFILIATION

| | | | | |
|-------------|-----------|----------|----------|--------|
| Network | 113(51.4) | 67(30.5) | 35(16.0) | 5(2.3) |
| Independent | 17(44.7) | 16(42.1) | 4(10.5) | 1(2.6) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO MARKET SIZE | | | | |
| Top 25 | 18(42.9) | 16(38.1) | 6(14.2) | 2(4.8) |
| 26-100 | 55(50.5) | 35(32.1) | 16(14.7) | 3(2.8) |
| Smaller than top 100 | 56(52.8) | 32(30.2) | 17(16.1) | 1(.9) |
| ACCORDING TO FINANCIAL INTEREST IN CATV | | | | |
| Own CATV | 37(45.1) | 30(36.6) | 14(17.1) | 1(1.2) |
| Non-owner | 93(52.8) | 53(30.1) | 25(14.2) | 5(2.8) |
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 18(47.4) | 13(34.2) | 7(18.4) | |
| Non-owner within B | 97(52.2) | 60(32.3) | 24(13.0) | 5(2.7) |
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 117(50.9) | 75(32.6) | 33(14.3) | 5(2.2) |
| No CATV within B | 12(50.0) | 7(29.2) | 4(16.6) | 1(4.2) |
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 72(46.2) | 60(38.5) | 23(14.7) | 1(.6) |
| Not imported | 30(58.8) | 12(23.5) | 8(15.7) | 1(2.0) |
| Don't know | 23(57.5) | 8(20.0) | 5(12.5) | 4(10.0) |

Analysis.--The descriptive categories are presented above to show how little difference of opinion existed among various types of managers. It is interesting to note that over 50% of all those who responded thought that our broadcasting system will change to a "wired city" method of distribution.

Questionnaire Item II, 25

Rationale.--Approximately one month before the questionnaire was mailed to all commercial television station managers, the NAB-NCTA compromise agreement was proposed. Opposition from broadcasters had been reported in the trade press but no official action had yet been taken by the NAB. There had been some speculation that broadcasters would benefit more from the compromise than they would from legislation which might be passed later without previous agreement between the parties involved. Against that background, the managers were asked their opinion of the proposal.

The question.--Do you agree with the recent CATV compromise agreement which was proposed by the National Association of Broadcasters and the National Cable Television Association?

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|-------------------|------------|-----------|-----------------------|----------------------|
| Total Respondents | 25(9.7) | 189(73.3) | 39(15.1) | 5(1.9) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|------------------------------|------------|-----------|-----------------------|----------------------|
| ACCORDING TO TYPE OF STATION | | | | |
| VHF | 14(7.7) | 144(79.1) | 21(11.5) | 3(1.6) |
| UHF | 11(14.5) | 45(59.2) | 18(23.7) | 2(2.6) |

| | | | | |
|--|----------|-----------|----------|--------|
| ACCORDING TO TYPE OF STATION OWNERSHIP | | | | |
| Single station | 15(13.6) | 76(69.1) | 17(15.4) | 2(1.8) |
| Group owner | 10(6.8) | 113(76.4) | 22(14.9) | 3(2.0) |

| | | | | |
|----------------------------------|----------|-----------|----------|--------|
| ACCORDING TO NETWORK AFFILIATION | | | | |
| Network | 17(7.7) | 171(77.7) | 28(12.7) | 4(1.8) |
| Independent | 8(21.1) | 18(47.4) | 11(28.9) | 1(2.6) |

| | | | | |
|--------------------------|----------|----------|----------|--------|
| ACCORDING TO MARKET SIZE | | | | |
| Top 25 | 4(9.5) | 25(59.5) | 11(26.2) | 2(4.8) |
| 26-100 | 11(10.1) | 82(75.2) | 13(12.0) | 3(2.8) |
| Smaller than top 100 | 10(9.4) | 81(76.4) | 15(14.2) | |

| | | | | |
|---|----------|-----------|----------|--------|
| ACCORDING TO FINANCIAL INTEREST IN CATV | | | | |
| Own CATV | 10(12.2) | 62(75.6) | 9(11.0) | 1(1.2) |
| Non-owner | 15(8.5) | 127(72.2) | 30(17.0) | 4(2.3) |

| | | | | |
|---|----------|-----------|----------|--------|
| ACCORDING TO FINANCIAL INTEREST IN CATV WITHIN GRADE B CONTOUR | | | | |
| Own CATV within B | 6(15.8) | 27(71.1) | 5(13.2) | |
| Non-owner within B | 16(8.6) | 135(72.6) | 30(16.2) | 5(2.7) |

| | <u>YES</u> | <u>NO</u> | <u>NO OPINION</u> | <u>NO ANSWER</u> |
|---|------------|-----------|-----------------------|----------------------|
| ACCORDING TO PRESENCE OF CATV SERVICE WITHIN GRADE B CONTOUR OF RESPONDENT'S STATION | | | | |
| CATV within B contour | 22(9.6) | 167(72.6) | 36(15.6) | 5(2.2) |
| No CATV within B | 3(12.5) | 18(75.0) | 3(12.5) | |

| | | | | |
|--|----------|-----------|----------|---------|
| ACCORDING TO IMPORTATION OF RESPONDENT'S SIGNAL INTO DISTANT MARKET | | | | |
| Imported | 17(10.9) | 109(69.9) | 29(18.6) | 1(.6) |
| Not imported | 6(11.8) | 38(74.5) | 7(13.7) | |
| Don't know | 2(5.0) | 31(77.5) | 3(7.5) | 4(10.0) |

Analysis.--Without more information, it is impossible to cite reasons for the differences among the above categories. However, it should be noted that some groups of managers who indicated low negative responses had a much higher "no opinion" percentage than the group as a whole. Also, it is interesting to note the similarity in response from the CATV owners and non-owners.

Summary

The results of this portion of the questionnaire indicate clearly that a majority of the commercial television station managers who participated in the survey had what must be classified as a consistently negative, or pessimistic, attitude toward the development of community antenna

television. In answer to only one question, "Is a local station's competitive position improved when its signal is imported into a distant market by a CATV system?" did more managers respond in a positive, rather than negative, manner toward CATV and, then, by a very small margin.

The respondents who were most favorable toward cable television were: (1) managers who are involved financially in CATV, (2) operators of stations in the top 25 markets, and (3) the managers of independent stations.

The possible reasons for differences among categories of stations are speculative. The manager who is also an owner of a cable system might be expected to be more positive about the prospects of CATV than the manager who does not have any financial interest in cable TV. It is interesting to observe in the responses to some questions, however, that the differences between these two categories were smaller than might have been expected.

In the top 25 markets, only three cities have as few as three commercial television stations; nine communities have four stations; six markets provide five different signals; four of the top 25 have six stations; two markets, New York and San Francisco, have eight commercial outlets; Los Angeles has eleven licensed television stations. In the remainder of the top 100 markets, only six cities have five commercial stations, while fourteen provide four signals. The other fifty-five cities have three, or fewer, TV

outlets.¹¹ It can be seen from these data that audiences in the top 25 markets already have a greater variety of channels than is available in markets 26 through 100. Therefore, CATV is less likely to provide additional fragmentation which might adversely affect existing viewing patterns. In contrast, the addition of channels in two- or three-station markets could have great impact.

The independent station, particularly the UHF outlet, sees in cable television the opportunity for equality on the viewers' sets. Also, it is the non-network affiliate which is most likely to be imported into distant markets. The manager of that type of station sees the increase in audience and area coverage as advantages which he might use in competition with the network affiliate, which usually enjoys the strongest position in a market.

One observation which might cover most responses to this questionnaire is that managers seemed to respond in a manner which indicated their concern that CATV should not upset our present system of broadcasting or adversely affect the welfare of the individual stations which compose that system.

¹¹"Television Market Rankings," Television Factbook, 1968-69 Edition/No. 38 (Washington, D.C.: Television Digest, Inc., 1968), Service Volume, pp. 40a-43a.

CHAPTER IV

REPORT OF FINDINGS FROM PART III OF "A SURVEY OF THE ATTITUDES OF COMMERCIAL TELEVISION STATION MANAGERS TOWARD CATV"

Rationale for Part III of Survey

Part II of the questionnaire gave the managers of the commercial television stations the opportunity to indicate their attitudes toward the major problems related to community antenna television. Part III was included so that the respondents might express themselves beyond the simple check of a response category. The questions which were asked in this section concerned those aspects of CATV which might affect a station most directly now, as well as in the future. It was also hoped that the knowledge and experience of the managers as reflected in their responses to the questions in Part III, would provide insight into the future directions and relationships of CATV and the television broadcasting industry.

Report of Survey: Part III

A total of 208 of the 258 respondents answered some portion of Part III of the questionnaire. After a review of

all responses, answers to each question were separated into categories in order to facilitate the reporting of the data. Under each category, representative responses, or replies that were particularly interesting or provocative, are reported. It should be noted that this section reflects the variety of opinions of the managers who participated in the survey rather than representative proportions of particular attitudes. The analysis which concludes the report of each question does indicate, however, the predominant opinion, or opinions, which were expressed.

Questionnaire Item III, 1

The FCC has proposed rather extensive rulemaking regarding CATV. Briefly outline any additional or alternative regulations which you feel would be appropriate.

Responses to question 1

Agreement with proposed regulations.--

I look upon CATV value as an extension of TV service to communities which do not receive free off the air three network services, one independent, and one educational channel. Beyond this service, CATV should be limited to local public service programming, time, weather, and other services such as stock markets, etc., on a non-commercial basis.

Distant signals should not be imported into any markets that have all the network services available from local stations. CATV should be permitted to carry only the local network stations except where one or the other net services are not available locally. CATV should be permitted to carry independent and ETV signals also but not over local signals of same.

Basically, I am in agreement with the proposed rule-making. Certainly in the area of protection to the top 100 markets and in regards to non-broadcast ownership.

Expansion of present proposed rulemaking.--

Most important is restoration of Grade A and B contours as area of protection. 35 miles is insignificant and would thoroughly lose marketplace, as we have shown here. 60-70 miles is more adequate, with overlaps being evenly divided between overlapping stations. What is sense of 5 megawatts of power for serving rural areas if 35 miles is all protection allows. Strict limitation of CATV to serving stations in whose area cable operates. In short, little or no "importation." Complete program exclusivity for life of contract is vital. Programs cost stations too much to have CATV dilute value with unrestricted duplication of syndicated material. No commercials, entertainment originations on CATV. Full copyright liability on basis of circulation and pro rata costs for programs, per channel, unless CATV carries only local or area stations to areas which have signal difficulties. This was original concept of CATV and it should not be allowed to unfairly compete with its own source of programs. This is parallel to laws restricting movie producers from distributing and vice versa.

Increase in protection provisions of rulemaking.--

Smaller market broadcasters need help more than larger market operators. NAB TV board is irresponsible because it is dominated by multiple owners, etc.

It seems the protection to free TV is slanted toward the larger markets (top 100) where the economics are such that they (TV stations) need little protection. In this market (3 V's) none of the stations are doing well. CATV would certainly fragment the audience to the point that one or more would cease operations, at least at present level of service.

CATV should be restricted to signals received off air and microwave should not be licensed to import signals not available off air. Top 100 markets should not be given protection not afforded all markets. In other words, why import signals into my community if a larger community cannot import my signal?

If CATV is allowed to sell commercials, it will force small market television broadcasters out of business, thus ending free television for the average and below average income families.

Need for strict non-duplication protection and technical standards.--

If CATV must exist, and if FCC is federal agency for regulation, absolute regulations should be in effect, and

strongly enforced guaranteeing total protection from duplication, not only of live net programs, but also delayed programs and first run of syndication programs. Regulations should require individual CATV systems to obtain necessary program data from the stations carried on the system for determining duplication. Absolute technical standards should be required to insure adequate reception in the home. If local program origination is permitted, same criteria should apply as that for existing commercial TV stations for application of license and license renewal.

"Grandfathering" clauses afford stations little protection against established CATV's. Existing regulations need enforcement and supervision or spot checking re: carriage, non-duplication and quality.

CATV should be licensed and strict technical requirements laid down with heavy penalties for non adherence to the non-duplication rule.

The proposed rules have no substance. We have a large CATV system in our area. Subscribers are constantly complaining of the poor service and signals supplied. The proposed rules don't actually help this situation at all.

Need for copyright liability.--

Cable systems should be required to have permission to rebroadcast signals of any broadcast station, the same as when a translator and a station must have permission to rebroadcast.

The survival of broadcasting requires the imposition of copyright laws on CATV.

Cable TV should be allowed to develop in any manner they wish as long as they are not allowed to do it by stealing our programs which cost us a great deal of money to produce and which we consider as our property. If they want to program, then let them do it on their own. Let them buy all of the expensive production equipment and let them buy all of their own programs. Don't let them steal our product.

CATV systems should be made to pay a fee to each station from which it takes a signal. Tariffs could be determined by State Public Utilities Commissions.

Limitation to auxiliary service.--

The unregulated growth of CATV wired systems has the potential of making a shambles out of the whole

system of the FCC table of allocations both for radio and TV--which, after all, is the foundation for our broadcast service in this country. CATV can provide auxiliary service but it should do so in such a manner as not to disturb local service obligations of radio and TV stations who are assigned to serve specific markets.

Should be allowed to distribute signals into areas where they are not available--the original purpose of CATV--nothing else.

I believe CATV systems should be required to carry all stations whose signals are grade B or better in the CATV service area--and no others--and that they should be required to carry these stations only on each station's assigned channel.

Supplement to regular TV and responsible to audience.--

CATV must have total broadcast responsibility, including public service, local news and fairness requirements--they should also bear some of the program costs.

CATV should supplement the established television system. Many people have gone out on a limb to provide excellent TV service--why should a leech take over?

Whatever regulations are necessary to prevent the country's free, over-the-air, local broadcasting system from being slowly changed into a fee, cable (and thereby restricted to those fortunate to live in front of the cable) and national system. Local viewers will lose access to free, over-the-air local news, local weather, local politics, local public service and local advertising.

Concurrence with trade association proposals.--

Am a firm believer in minimum government regulation--feel that proper approach is furthering of negotiations between NAB and NCTA.

We concur with the entire MST [Association of Maximum Service Telecasters] proposal and feel that NAB has not written a clear compromise agreement.

Reduction of regulation.--

FCC should not have any jurisdiction over CATV in any way.

I believe we should adhere to the private enterprise approach and let the demand and need of the public make the determination--not legislation or complete regulation.

One simple principle for real and permanent compromise: let CATV agree to carry only TV programs. Let broadcasters agree CATV may carry as many TV programs as it can provide with no leap-frogging or other restrictions. The public interest is the controlling factor and the public interest is clearly that the public should have all the service that can be made available.

Miscellaneous.--

The suggestion re seeking permission from distant station before a CATV can bring its signal into any market is fatuous and absurd. What station would refuse to add homes to its audience?

Do away with CATV except in communities with no local stations.

New direction.--

The real future of CATV is in transmission of a wide variety of services, only a few of which will be designed for a mass audience. A CATV facility cannot and should not be the creator of all these varied program services. The Commission should decide in the very near future if CATV is to be a common carrier under a designated monopoly arrangement with appropriate tariffs and profit limitations, if it is to be permitted to be a common carrier on some channels and program originator on others, etc. The involvement of the full service will be a very complicated procedure both with respect to the market place and technical facilities. Intelligent regulation that will make possible the orderly development of a sophisticated system will be highly desirable and very difficult to achieve.

Analysis of responses.

Most managers who indicated additional or alternative regulation of CATV used present or proposed rules as the basis for their comments. Therefore, the suggestions tended to be ones of increasing or decreasing the degree of regulation in a given area of concern. Exceptions to this general pattern of reaction were those who recommended elimination of, or significant reduction in, any type of government

involvement in cable television. Only one manager, who is cited under the category of "new direction," indicated any concern or awareness of the broad problems of interrelationship between today's use of community antenna television and tomorrow's potential in terms of the variety of services which may be provided.

Questionnaire Item III, 2

What local services, if any, can a CATV system originate which are not feasible over a regular broadcast TV channel?

Responses to question 2

Tabulation of services.--In answer to this question, most respondents listed the local services which might be provided by CATV. Some lists contained several items, while others indicated only one or two. The tabulation below is a frequency count of the number of times each service was mentioned by the 190 managers who responded in some way to this question.

| <u>Local CATV Service</u> | <u>Times Mentioned</u> |
|---|------------------------|
| None | 49 |
| Weather | 47 |
| City council meetings and local government activities | 36 |
| Local civic functions and public service activities | 29 |
| Local news or continuous teletype printer | 29 |
| Stock market reports | 27 |

| <u>Local CATV Service</u> | <u>Times Mentioned</u> |
|--|------------------------|
| Limited-interest or very locally oriented programming | 25 |
| Continuous time service | 19 |
| Local sports | 18 |
| School activities, including board of education meetings | 17 |
| Commercial services, including classified advertising | 7 |
| Shopping and billing services | 5 |
| Educational television programming | 4 |
| Community service in areas without local TV | 4 |
| Background music | 4 |
| Surveillance of buildings and streets | 3 |
| Meter reading | 2 |
| Computer service | 2 |
| Newspaper printout | 2 |
| Foreign language programming | 1 |
| Common carrier | 1 |
| Pay TV | 1 |

Extended replies.--Although most responses to this question consisted of the simple enumeration of types of service, some managers explained their answers. Representative replies are quoted below.

As a television station manager, I have numerous programming alternatives ranging from drama to a local school board meeting. But, since we operate on one channel, I can select only one of these programs at a specific time. And due to the nature of our business,

this program usually must have wide appeal among viewers. As a cable system operator with 12 to 20 channels at his disposal, he can place all of the alternatives on channels and let the viewers make the choice that the television station manager has to make at this point in our communication development.

We believe that a CATV system can originate programs that have a very limited appeal, such programs not lending themselves to being placed on a television station having a much wider audience. Such programs as interviews pertaining to individual church activities, to individual civic club activities, and any other similar type local group, could very logically be interested in having information broadcast on a CATV system, thus making available to those persons in the community interested in the particular activity. In other words, we believe that CATV can perform a service of a local nature so limited in scope that it could not possibly lend itself to television.

If CATV is required to adhere to commercial TV engineering standards, none. If CATV practices are used, any small community gathering could be televised on CATV. Most people do not realize that television broadcasting entails more than pointing a cheap Japanese camera in the general direction of some activity.

Continuous time/temperature/weather--local political discussions--coverage of city council and county supervisor meetings--any informational programming of a purely local political/civic or social action nature. Feasible was not the right word to use in this instance. All licensed broadcasters already carry, in some measure, news or public affairs programming applying to each of the topics listed above. However, CATV systems' sole saleable commodity is the entertainment programming they pick up. Without it they would not exist. To further fragment entertainment seeking audiences in this most unfair manner will eventually kill free local TV.

This horse is dead. Certainly they could "broadcast the Town Council Meeting every Monday",--but council affairs are mostly dull recitation of rezoning please, budgetary matters, etc. which have previously been discussed and decided at the corner drugstore that morning,--to which so few would view and listen that it becomes an exercise in regulatory futility. It looks good on paper, makes regulators feel warm with accomplishment, but the customer bought the service for a far different reason.

CATV should not be allowed to originate any local programming. This is what commercial radio and TV stations are licensed to do.

Analysis of responses.

It should be noted that over one-fifth of the respondents indicated that CATV can provide no local service which is not feasible over a regular broadcast TV channel. As indicated in the tabulation of Local CATV Service on pages 121 and 122, most of the other managers cite the most common existing originations which are available on cable systems. Very few responses indicated an awareness, or an acknowledgment, of the ways in which community antenna television may supplement off-the-air TV with services which have no relationship to broadcasting.

Questionnaire Item III, 3

Increased demand for spectrum space has required reexamination of current utilization. One of the suggestions has been to change television from its present broadcast distribution system to a national cable, or non-broadcast "wired city", concept. Comment on this possibility.

Responses to question 3.

Need for improvement in spectrum allocations.--

The needs of additional space by the mobile services have been greatly exaggerated. Better management and assignment of existing space would solve current and foreseeable problems.

Such a change would be a complete surrender to those elements in the trucking industry and the military who do not want to do the hard work necessary to utilize their present spectrum space more efficiently. Obviously, a wired system would be more expensive for the public than the present one; the public would then be paying for the convenience of the land mobile services.

More discriminate control over channel allocations, thus alleviate crowding. Vigorous development of UHF. Possible phase-out of VHF channels which would be made available for government uses, etc. and relieve demand pressure for spectrum space.

There is no problem with spectrum space in our area (western South Dakota, western Nebraska, and eastern Wyoming). Also, I would believe that the spectrum should be utilized so as to provide maximum benefits to the public. I would think a broadcaster serving thousands of people on a frequency is providing a greater service to more people than most two-way communications uses which reach only a relative handful of people.

Present pressure is the result of:

1. Unrealistic demands by military and commercial firms.
2. Poor, shameful assignment of presently available TV channels on the part of the FCC; the VHF should have been phased out as originally suggested.
3. Similarly, allowing both AM and FM to co-exist is poor stewardship.

It may come to that. However, the lesson to be learned here is to for Heaven's sake think ahead so we don't wind up with another broadcast miasma based on incompetent planning and flagrant politics. The present 2-way users scream is not justified: the frequency space allotted is adequate if prior planning had been applied by first government, then manufacturer, then salesman, and finally user.

Telstar, AM, FM, VHF, UHF, videotape, computer phone: from one little box.

Feasibility questioned.--

Reduces future potential of out-of-home viewing.
Reduces feasibility of portable sets picking up "air" signals.

Too costly. Would put local stations out of business.

Politically, this will not go.

Not economically feasible.

Beautiful from theory standpoint but at present state of technical art, rather impractical.

Do not feel that industry or viewer is presently ready.

Reduction or elimination of TV service to rural areas.--

Would eliminate rural coverage. Requires viewer to pay for his TV service through monthly subscription.

This would be okay for the city residents who can afford the monthly payments. What happens to the rural audiences who cannot be feasibly wired or to low-income citizens who can't afford the tariffs and who now depend, by the millions, on advertising supported commercial broadcasts for information and entertainment?

This is a very real possibility with the danger that those families living in rural America would then be deprived of television, as CATV operators will not provide service to thinly populated or remote areas. Only those families which could afford to pay monthly or even on a program by program basis would be able to receive television. Commercial station operations could not operate with the wired TV concept as we do today. Public service programming and local community interest programs would become a thing of the past.

Disenfranchises poor and rural. Anti-democratic. Destructive of greatest communications force on earth.

It would be unthinkable to change the present broadcast distribution system at this point, because of the impracticability of wiring the numerous small communities now served by off-air reception. For instance, it would not be a practical investment for any company to wire a community of 150 homes some 30 miles away from 3-station broadcast stations. This is, of course, assuming there would be no government subsidy for such an operation.

Wired city concept could leave rural areas without service. Cost of wired city concept could preclude "small company" ownership of CATV.

CATV has not yet wired sparsely-populated areas where line costs are too great. How can such areas be included in such plan--or will they lose their only TV service off-air? On the other hand, would such prohibitive costs just be passed along to present subscribers?

Reduction in local public service programming.--

This would destroy the basic public service concept of television. Even with local public service under this system it would be on a separate channel and therefore not viewed. Fact is majority of public can't be bothered

to view culture and public service. This would also lead directly to pay TV--public forced to pay for same programming now received free!

The possibility appears likely, but from our view is not in the public interest. Money making is the objective of all those in the scramble.

There goes all local service, for nets would just buy wires from a utility, bypassing affiliation agreements with on-air broadcasters.

Increasing attention to local programming and more sensitivity to community needs will make "wired city" concept less feasible.

Would eliminate or make economically impractical all local interest programming.

Radio and TV as presently constituted provide a broad service of entertainment, public service, news, special events as well as a means of communicating important government messages to all the population Free, without discrimination or need of wires. What could be more equitable or desirable? We had better keep it as is!

Opposition to elimination of free TV.--

We are unalterably opposed to the "wired city" concept. There is nothing "free" about subscriber paid TV. The public's interest cannot be served by giving CATV's the carte blanche ability to compete with, or replace, local stations for audiences, and all that portends, without considering what must inevitably happen when local stations would be forced to reduce or eliminate their investments in local services. How stupidly naive and ignorant are those who would encourage the replacement of free TV with a system which would remove an individual's right not to have to pay to watch. Nor is there any assurance that quantity will automatically improve quality. The contrary is more likely.

Only U. S. free broadcasting can insure the tremendous stature vis a vis all other systems.

This is a possibility--if it happens, the vast majority of lower income people will be denied TV.

Will convert all TV into pay TV thus removing rural people and poor from access to TV. Contrary to public policy.

An anathema--putting a box office into every home and destroying free TV service which has been the best in the world.

This would mark the end of free television as we know it. Free TV is necessary for the future of this country.

Opposition--no reason stated.--Several managers stated that they were opposed to the concept of the wired city without stating reasons.

Alternate possibilities.--

Quite possible and even likely pending development of satellite to home transmission. If this (wired city) concept prevails and is coupled with free importation of distant signals, it will eventually mean drastically fewer local stations. Perhaps one "local" station in each of the first 50 or 60 markets.

Comments cannot be in terms of black and white. The probable communications system of the future will employ conventional broadcast facilities, cable, and satellites. The blend will be necessary to serve as many people with as many different kinds of service as is technically and economically feasible.

We do not feel that the elimination of television as we know it today to be replaced by a national distribution system by a national cable will ever come to pass. Other electronic developments will take place before the national cable concept could ever materialize. We believe that the local television station will continue to exist in one form or another through the years and will never be completely replaced. However, the actual function of a local television station may change in the foreseeable future. Distribution of television signals by satellite direct to homes will in the long run eliminate any possible need for a national cable.

Probability of creation of the "wired city" concept.--

Some areas will be heavily cabled as the only means of reception. Downtown areas will be wired for business transmissions. Flat areas that do not need leased lines for business or TV will be the last to be wired. Every communications wire laid underground will be TV and data transmission capable. CATV will compete with telephone for data transmission.

I believe that despite the efforts of the broadcaster and interested groups, that within 15 years, free TV will be almost extinct. And even though we fight the CATV's, they will eventually win the battle.

Unless the FCC acts promptly, this will become a fact.

Quite possible, but expensive and long range.

Good possibility--will not replace conventional broadcasting until signal can be fed through electric lines.

I think the possibilities are good and that "broadcasting" will phase out to a "wired city".

If CATV is technically improved and allowed to network, it is inevitable that wired TV will replace off-air TV. Microwave developments will allow low cost rural service.

Think it is a real possibility, but wonder what will happen to investment in small TV stations.

I think it will happen. In my opinion the "wired city" concept is the most practical--may take 10 years but it's coming. Unlimited programming would be available. Only question is economics. If the CATV's in the nation were tied together, there would be no need for TV stations. The 3 networks would be on the system as well as others, who may prosper in different forms of programming. Systems could originate programs to needs of each community, sell advertising, etc. Satellites to ground (homes) would cover the white areas not able to receive TV by cable, say 3 networks. Consequently the entire nation would have at least 3 networks plus unlimited local programming in major markets and all towers could come down and TV stations go out of business and spectrum allocated to other services. "What is good for the country and its people is not always easily accomplished."
[sic]

Analysis of responses.

The reaction to this question was similar to those which were reported earlier. Most managers seemed to reflect a fear that a change in the present system of signal distribution would have an adverse effect upon television programming

service to the audience. It is difficult not to conclude that the respondents consider "free" broadcasting, as we know it, to be incompatible with the "wired city" concept. The last response above is an exception. Very few opinions were expressed which indicated the belief that television service might be improved as a result of a national cable system.

Questionnaire Item III, 4a

Note: Answer this question only if your market has existing CATV systems. What has been the effect of CATV on your station?

Responses to question 4a.

Fragmentation of audience.--

It allows large market stations to tear apart audiences of small market stations. The practical effect is to make the big grow bigger and the small fight harder for existence.

Harmful. Difficult to increase circulation figures even with non-duplication. Even more difficult to compete with large-budget outside stations in non-network hours.

In a relatively small market it has fragmented a limited audience. One station in this market is in severe financial problems. The CATV systems have more subscribers than that station has average audience.

Disastrous! 30-40% of local audience is lost to CATV.

Increasing fragmentation of viewing to local channels; especially during non-network programming periods.

Reduced our audience slightly.

Lower audience, higher cost per thousand and increased outside station penetration. Latter is resulting in more gravitation of shopping to adjacent larger markets.

We are definitely not getting the credit for all the homes viewing our station on the ARB's and Nielsens because of the confusion of CATV carrying stations on channels other than their assigned channel numbers.

We are small market with heavy CATV penetration. It has fractionalized audience--forced us to compete with much stronger financed metropolitan station--even caused great animosity of public toward our station when we acquired exclusivity. Poor translation of our signal has caused many problems. Great difficulty in acquiring sound financial operation, change directly traceable to exclusivity.

Reduction of advertising revenue.--

Has badly reduced our revenues and our ability to give maximum service in the community.

Audience has been fragmented--holding or decreasing audience levels in different day parts. Local advertisers increasingly wary of effectiveness. Some success of imported stations acquiring advertising budgets, which would have been placed here, on basis of CATV penetration. With rising costs, have been unable to improve income.

Our local CATV system programs one channel commercially and sells advertising against us. If they were honest about it, it wouldn't be so bad, but they represent themselves as being the local TV station. When the customer mentions our channel, they lead them [sic] to believe that they are representing us and that the advertising will appear on the air to non subscribers. They hurt us some but mostly they are killing themselves. They degrade our signal to favor their channel which is adjacent to us on the cable.

Has affected our ability to get national and regional advertisers.

Inadequate non-duplication protection.--

We have never received adequate protection from the cable systems operating even within our grade "A" signal. This has lost us untold audience measurement. Some cable companies placed us on cable channels which were far inferior to our off-the-air signal, which caused many viewers to watch our "unprotected" network programming on a competitor's station carried by the cable system.

We have not been afforded protection from distant stations and it fragments our audience potential.

Reduced audience until we were able to secure non-duplication rights. But non-duplication right is now being questioned.

Degradation of signal.--

It has degraded our picture quality and caused a bad public image among the businessmen who are the majority of the subscribers.

From a home standpoint we have been watered--from a signal standpoint the cable has degraded us to compare with distant signals. Quality of signal the greatest loss.

Loss of channel identification.--

Confusion. Viewers on CATV don't know what station they're viewing. Those with diaries must indicate incorrect stations.

It may have broadened outer limit of reception, but the audience is difficult to measure. In addition, I feel that many of our programs are mishandled and rebroadcast on different channels. Identity is lost, as is control of our product quality.

Little or no effect.--Many managers have indicated that CATV has had negligible effects upon their stations. Most of these answers were one or two word replies.

CATV as an asset.--

Enables us to get into many homes otherwise unavailable because of terrain, antenna or conversion problems. Helps on competitive edge with grandfathered VHF stations. Conversely, CATV forces us to compete with stations we would not otherwise have to face.

Improved coverage.

Since we are a new UHF in an existing VHF market, CATV has probably given us a plus in home penetration--the viewer does not have to be concerned with a "special" antenna.

It has been good for the station providing the CATV systems provide the proper services and signals.

Better service to the viewer. (It's the future that is disturbing--but, of course, being disturbed about the future is not very unique.)

 Since CATV systems in our market serve, by and large, the original purpose of CATV--to extend broadcast signals into areas which, due to distance and/or terrain, receive inadequate television service--our station has probably been helped by the resulting increase in audience. Distant signal importation by systems in our market constitutes an insignificant factor.

 We have used [CATV] to an advantage.

 Given viewer choice. Decreased pressure (criticism) on programming. Gain about what we lose through CATV. Helped news rating by carriage outside "B".

 [CATV has] helped by making [our station] the prime network affiliate on one large system.

Analysis of responses.

It should be pointed out that, of the 142 managers who responded to this question, 43 reported that CATV had little or no effect on their stations, and an additional 25 managers indicated that cable systems had been an asset. In other words, almost 48% of the respondents were not negative in their responses. This reaction is in marked contrast to opinions which have been expressed regarding potential effects and proposed regulation of CATV. It appears that even less negative feeling would exist if current regulations were enforced. Many managers expressed concern over the fact that they were afforded inadequate non-duplication protection and that their signals were degraded by cable systems with poor technical standards.

Questionnaire Item III, 4b

Note: Answer this question only if your market has existing CATV systems. What do you see as future effects of CATV on your station and on the development of commercial television in your market?

Responses to question 4b.

Fragmentation of audience.--

CATV has already dropped this market from 45th ranking to 59th ranking. The cost of that loss is 2 to 4 million dollars per year in unrealized revenues due to circulation losses. We have documented this rather thoroughly for FCC, NAB.

If distant signal stations are allowed to come into our market via cable in numbers, there is the possibility that our audience will become so fragmented as to cause us great economic damage. There is the distinct possibility that we might not be able to survive. The cost of operating a station in a small market is practically as great as operating a station in a large market--of course, income is much, much less.

Severe impact on audience and profits.

Continued erosion of audience will mean erosion of our financial ability to perform the public service that is expected of us by the Commission. Further development of commercial television in this market will be halted.

Initial acceleration of UHF capability resulting in larger audience. Eventual fragmentation of audience and diminishing national spot business in smaller markets. Growth in local use of TV accompanied by higher production costs for stations.

Deterrent to UHF Development.--

It would seem to me that uncontrolled growth of CATV will certainly kill UHF expansion in many areas that need extra service. We can use more broadcast services that provide local and regional service to viewers. Wholesale importation of big city signals into small markets kills the allocations concept of the FCC and creates serious if not disastrous economic problems for small market TV.

Threat to development of UHF. Deterioration of "local" station significance in marketplace.

Would kill development of UHF stations in market and hurt independent VHF station.

Starting a new UHF station in a small market and in the face of heavy existing VHF penetration is a hazardous undertaking. Superimposing a CATV system on the market would serve to further fragment audience and sponsor's dollars and could possibly prevent the healthy development of commercial television in our market.

General adverse effect.--

If the FCC lets down its present bars on distant-signal importation, to a significant extent; if CATV's are permitted to support program origination by advertising or by per-program charges; and if networking of CATV systems is permitted--the effect upon our station, as well as other stations in the market, will inevitably be adverse. Additional UHF stations would have little chance of economic survival.

Unless CATV is regulated as to importing distant signals, it can have drastic effects on small market TV stations.

A serious uphill battle--especially since FCC encouragement of local program origination by CATV's! Most serious aspect is importation of 6 channels from major market which is 100 miles away!

This depends on whether importation and originating of entertainment programs is permitted. If they are, we believe the effects could conceivably be disastrous to free television.

With exclusivity of programming and limitation of signals to 3 network, [one] independent and educational [stations] we can survive financially and serve public in small market. With unlimited signals, program origination and selling advertising by CATV's I would be seriously concerned about ability to continue economically viable operation. Certainly there would be no further development of TV broadcasting, either VHF or UHF.

I think many CATV systems will cease to operate due to inability to make a profit. Especially so if they are controlled as TV are [sic] controlled. If CATV is permitted to use programs at no cost and permitted to operate any way they please they may force us to cease operation due to lack of revenue to operate.

Evolution into "wired city."--

I expect to see CATV eventually replace broadcasting.

CATV--short term panacea for lack of sufficient broadcast facilities. Will be big, only to be replaced by all purpose over-the-air communications utilities.

Will destroy national free TV unless rigidly regulated.

Uncertainty about future.--

Impossible to forecast because it's impossible to predict, in the present chaos and hostilities, what the future shape of CATV will be.

Depends on CATV rules when adopted.

The future effects of CATV are essentially an unknown quantity because of our type of market essentially rural in character with no one large central city. CATV will never have any large impact on television in this market and should never be a hindrance to the further development of commercial TV in this area.

Limited effect.--

Since I believe that we are seeing the emergence of two systems of television, the advertising-supported system and the viewer-supported system, I do not believe that CATV will have any adverse effect on the development of advertising supported television stations.

We think it is unlikely that CATV will have a significant effect in our market area.

We can go along if distant signals are carefully controlled within 60 miles. Can live with origination and selling commercials. Otherwise, they can destroy us.

Barring an entirely new national communications profile generated by regulation, we forecast that CATV in this market will have very little effect on our television station. Rather, we believe the real function of future CATV is a proliferation of services different than the conventional ones now being supplied by typical commercial television stations.

Competition has never injured a responsible broadcaster. We doubt that it (CATV) will destroy commercial television, either in our market or in any market throughout the U. S.

CATV as an asset.--

A local CATV offers equal parity for a UHF station since the signal is converted to VHF.

It can be complementary to off-the-air TV with proper regulation without undue harm if it does not work to destroy the vehicle which allowed it to come into being in the first place.

Good effects retaining CATV as is; adverse effects should paid CATV be allowed.

Insures success of UHF.

Better pictures into more homes. Sell more color sets.

Reasonably regulated and competently run, CATV should aid development of commercial TV by providing larger audiences and reducing true cost per thousand to advertiser.

Analysis of responses.

Of the 163 managers who responded to this question, twenty-nine said that, in the future, CATV would have little or no effect upon commercial television in their markets, while sixteen said that cable systems would be an asset. Another twelve managers indicated that they were unable to predict possible effects. In other words, only 35% of the respondents were either neutral or affirmative in their responses. This provides an interesting comparison with the 48% of the managers who answered the previous question by indicating that they were not negative regarding effects which CATV has already had upon their stations. This response pattern is consistent with other results of the study which seem to indicate that any adverse effects which cable has

had up to this time are not as great as the potential problems which are predicted for the future.

Summary

The rationale for this section of the questionnaire indicated two reasons for including open-ended questions in the survey: (1) obtaining opinions which would be more than the simple check of a response category, and (2) acquiring possible insight into future directions and relationships of CATV and the broadcasting industry.

As indicated in the responses which have been quoted in this chapter, the managers not only accepted the opportunity to express themselves, but they did so in a frank and direct manner. These answers should prove helpful in understanding some of the reasons for the attitudes which were reported in Part II of the questionnaire.

Responses which might have provided insight into the future of CATV were disappointing. Most managers replied to the questions in light of current situations. In general, they were either unable or unwilling to consider alternative circumstances in which their stations might be able to provide comparable or better television service. The obvious conclusion to be drawn is that most commercial managers consider the present television system to be superior to others which might be developed and that significant changes would be detrimental.

While the opinions of the managers who participated in the survey indicated a desire to preserve the status quo, a portion of the next chapter will be devoted to an exploration of CATV as it relates to the distribution of television broadcast signals as well as its potential in providing a totally new communications service.

CHAPTER V

SUMMARY AND CONCLUSIONS

Summary

As the CATV industry has developed into a significant force in commercial television, the Federal Communications Commission has adopted the regulations which have been necessary to meet changes as they have occurred. Most of these policies have evolved slowly and have followed, rather than preceded, the needs. At the present time, however, the Commission appears to be trying to anticipate the potential role of CATV in a national communications system. New rule-making has been proposed and a "Notice of Inquiry" has asked many provocative questions.

Although it may be possible sometime in the future to look back at the actions of the FCC and hold it responsible for some of the problems of cable television development, this research would seem to indicate that such responsibility would have to be shared by the television broadcasters. As indicated in the summary to Chapter III, most managers responded to the questionnaire in a manner which indicated their concern that CATV should not upset our present system

of broadcasting or adversely affect the welfare of the individual stations which compose that system.

The perception by the station operators of a competitive relationship between CATV and the television industry was evident throughout the study. The feeling seemed to be so strong that most of the commercial station managers were unable to see cable television in any role other than one which was related directly to broadcasting as: (1) a TV antenna service, (2) an importer of distant signals, or (3) the originator of television-type programming. This attitude was particularly evident in the answers to question number 2 in Part III of the survey where over one-fifth of the respondents indicated that CATV could provide no local service which was not feasible over a regular broadcast TV channel. In addition, very few managers recognized potential non-broadcast CATV services such as computer access, surveillance functions, common carrier uses, etc.

The purpose of this summary is not to dismiss, as unimportant, the attitudes of the commercial television station managers who participated in the survey. Rather, the intention is to indicate the very natural tendency of the managers to react in a self-protecting manner to a complex and potentially threatening situation. A similar type of response might have been expected if the survey had been sent to owners of cable systems. In order to deal effectively with the problems which surround cable television, objective criteria

need to be developed which represent not only the needs and desires of the broadcasting and cable industries but also those of the public.

Conclusions

Implications of research findings

Although interpretations, which are related specifically to the data collected in this study, have been presented in earlier chapters, several other conclusions, which have implications for the future of CATV, are suggested by the research:

1. One such conclusion is that, while the television broadcasters who replied to this survey did not provide many provocative thoughts about the development of an effective relationship between CATV and the television industry, the future can still be exciting and challenging. Ralph Lee Smith, in his article in The New York Times Magazine, said, "Predictions of what the cable might do in the future seem to be limited only by the prognosticator's imagination."¹ As indicated earlier, some cable systems already have begun to provide new and valuable services. Such uses as surveillance of a city's streets, computerized rating read-outs, and a televised newspaper were not what might have been classified as primary concerns when CATV began at Lansford, Pennsylvania, in 1950.

¹Ralph Lee Smith, "The Battle Over Cable TV," The New York Times Magazine, May 26, 1968, p. 35.

2. Another conclusion is obvious. Television stations and cable interests are fighting to protect their investments and to improve their competitive positions with as little risk as possible. This action is natural in a free enterprise system. However, the public interest aspect of broadcasting dictates that television is not a typical business. This was illustrated effectively in a speech by Frederick W. Ford which was delivered when he was President of the National Cable Television Association:

Historically, then, I think it is clear that the "public interest, convenience and necessity" had great meaning at the time it was adopted as a legislative standard in the Radio Act. Its significance lay in the contrast it presented to what had prevailed before. Private interests were to be subordinated to those of the listening public.²

3. Mr. Ford also issued a forceful and idealistic challenge to the members of his industry when he urged them to dedicate their "technological success to serve the public and not attempt to make it the public's master."³ It does not seem likely that the CATV owners will accept this challenge because most of them are businessmen who do not understand the problems of local origination. While the broadcasters could furnish the impetus which is needed, many of them perceive cable television as unfair, or undesirable, competition

²Frederick W. Ford, The Polar Star of CATV, Address before 17th Annual Convention of the National Cable Television Association, July 2, 1968 (Washington, D.C.: National Cable Television Association, 1968), p. 5.

³Ibid., p. 10.

for their stations. Therefore, it seems logical to conclude further that, if CATV is to become the complete and varied communications system which has been predicted, the Federal Communications Commission and Congress probably are going to have to take a more active and positive role.

In another speech, on March 29, 1968, Frederick Ford was critical of the fact that regulations which have been imposed upon broadcasting stations and cable systems reflect ". . . antiquated thinking and machinery better suited to the era of crystal sets and earphones."⁴ He went on to say:

We must coordinate radio, telephone, satellite and other means of wire and wireless communications into a solid, meaningful pattern that replaces the haphazard, hodge-podge arrangement which we have inherited from the past. Our regulating programs must keep up with our technology. If this is properly done satellites, radio, television and cable will continue to grow as viable parts of our mass communications complex.⁵

This line of thinking apparently was recognized when the Commission formulated its "Notice of Proposed Rulemaking and Notice of Inquiry," which was released on December 12, 1968. Although that document dealt primarily with current operational problems, it also raised some provocative questions about the future:

(1) What is the appropriate relationship between CATV, communications common carriers, and other entities (e.g., the

⁴Frederick W. Ford, "The Potential of Cable Television and National Policy" (speech presented at the Telecommunications Symposium of the Broadcast Advertising Club of Chicago, Illinois, March 29, 1968), p. 11.

⁵Ibid.

broadcasters, computer industry, etc.) which now provide, or may in the future seek to provide, communications services in the locality?

(2) What is likely to be the nature of the services that could be offered to the home or business under present and anticipated technology . . . ?

(3) Would the public interest be best served for the immediate future by:

(a) Permitting or encouraging the entry to all would-be newcomers, services, technologies and facilities in an atmosphere of free competition, letting the market place determine the survival of the fittest, subject to . . . minimum regulation . . . ; or

(b) Permitting tests of different systems or services . . . to afford some basis in experience for decision as to the best ultimate structure before any particular system or service becomes established on a widespread basis; or

(c) Undertaking to devise a master plan now, before new facilities and services are inaugurated, to guide their development?

(4) Is it necessary or desirable that there should ultimately be a single cable . . . providing multiple means of communication to and from the home and/or business and, if so, should the complete system be owned by one entity or should there be diversity of ownership or control of some aspects of such a multipurpose communications system . . . ?

(5) Is it necessary or desirable that there be multiple facilities providing means of communication to and from the home or business--e.g., some combination of radio, cable and wire--and, if so, what kinds of services should in general be provided on what kinds of facilities?

.

(6) What facilities would be necessary or desirable for transmission through the streets, as opposed to from the street to consumer's premises, and what are the comparative advantages or disadvantages of radio, cable, or some other mode?

.

(7) How should the local communication system or systems tie into inter-city terrestrial and satellite facilities?

(8) What technical standards would be necessary or desirable to achieve national and local compatibility and good quality service to the public?

(9) How could the same communications services available to homes in the city be provided to homes in rural or other areas not now economically reached by the cable . . . ?

(10) What should be the division of regulatory functions between federal and state or local authorities with respect to the local communications system or systems . . . ?

The foregoing merely touches on some of the questions which occur to us initially and is by no means an all-inclusive listing. Among other things, the Commission is also concerned about the effect of potential new specialized communications developments on present communications technologies and services and, particularly, the social, political and economic considerations raised by such developments. . . .⁶

If the FCC can deal successfully with these questions, the CATV vs. television dilemma will be solved by the creation of a new national communications policy. The result could be one of the most exciting developments in the history of communications.

4. In light of the developments reported, and the attitudes expressed, it may be concluded that the broadcaster has a great fear of the potential impact of cable television. When viewed objectively, however, CATV and television are not as incompatible as they sometimes are made to appear.

Community antenna television is merely a means of signal distribution. Broadcasting, on the other hand, is much more; it is the communication of ideas. If the television station function were to be taken over by the CATV industry, the

⁶Notice of Proposed Rulemaking and Notice of Inquiry, 15 FCC 2d 442-443 (1968).

broadcasters would lose their battle by default. At the present time, the television station uses a transmitter and antenna from which to send its signal. If that same information were to be distributed by wire or from a satellite, it would be no less useful.

5. Although some broadcasters have financial interest in CATV, the majority of owners are businessmen who have had no previous experience with television except, in some cases, as technicians. Therefore, most CATV operators are not qualified to create, write, produce and sell television programs. In answer to a question which was reported in Chapter IV, a manager said, "Most people do not realize that television broadcasting entails more than pointing a cheap Japanese camera in the general direction of some activity." The viewing public expects an acceptable level of quality in content and presentation of the programs which appear on the television screen. Most cable operators are not competent enough to deliver that quality.

6. Many people have complained that television does not offer enough minority-interest programming. The commercial station manager responds by saying that he must serve as large a percentage of his audience as possible. However, cable television offers an excellent opportunity to program to minority tastes. While a broadcast signal may reach everyone within the coverage area of a station, the potential audience for a CATV origination is much smaller and much more

easily defined. It is still the television broadcaster who is best qualified to produce programming. Large broadcast group owners prepare and distribute programs to individual stations. What is to prevent stations from producing programming for area syndication to cable systems?

7. Rather than fearing the possible adverse effects of CATV, the commercial television industry needs to take affirmative steps to study its future role in the communications system. If the FCC can provide the proper guidelines, with support from the Congress where needed, not only will both the broadcasting and cable industries realize tremendous economic growth, but the public also will benefit from the creation of an improved electronic communications system.

Recommendations for Further Research

As stated in Chapter I, this study was designed to be specific in its objectives. It was expected that the research would raise more questions than it would answer. Listed below are some suggestions for further study:

1. Information which would complement the results of this study directly would be a survey of the attitudes of owners of CATV systems. It would be useful to know how cable operators feel about the present regulatory climate and what they foresee as the future relationship between CATV and television.

2. Additional study should be made of the feasibility of extensive local origination by cable facilities and the

possible effects which such service would have on local television stations.⁷ While many commercial station managers assume that the potential economic effects of CATV will be adverse, a factor which needs investigation concerns the possible future economics of cable systems. Can CATV purchase or produce programs which will be competitive with those provided by commercial broadcasting stations? Because a single CATV system cannot deliver an audience as large as one which watches an off-the-air channel, the amount of advertising revenue which CATV can generate might not be enough to permit the purchase of programming that would attract viewers. On the other hand, in a very small market, a local UHF station, with its heavy expenses, might not be as feasible as a good CATV service. More research is needed to determine relative potentials for financial stability.

3. Another important research project could be a survey of the relationship between the size of markets and the factors which have an effect upon the stations in those markets. As indicated in the report of this research, managers of stations in the top 25 markets often answered questions differently than did their counterparts in markets 26 through 100. This division should not be interpreted as

⁷One project in this area is being undertaken. In June, 1969, the Rand Corporation was given a grant of \$165,000 by the Ford Foundation to study the potential impact of CATV on the television industry. The results will be turned over to the FCC and will be released to the public. See ("Ford Grant Backs Cable-TV Study," Broadcasting, June 20, 1969, pp. 65-66).

definitive. It may be that markets should have been separated for purposes of this study into two groups of fifty each. The important consideration is that the FCC has established some of its rules on the basis of a top 100 market category. This study indicates the need for reviewing, and possibly reconsidering, that decision.

4. Research which might prove interesting would be a comparison between attitude questions and answers to questions in multiple descriptive categories. For example, how do the response patterns pertaining to a particular question differ among large market VHF stations as compared with large market UHF stations, small market VHF stations, etc.? Again, many assumptions are made about particular types of stations and markets. More descriptive research is needed.

5. Broadcasters, at the industry level and at individual stations, need to study potential relationships with CATV. Although they may continue to oppose cable television, the station operators need to be prepared to adapt their services to whatever mode of distribution evolves. In answer to one of the items in the questionnaire, 50.4% of the managers who responded indicated that they thought that television in this country would change to a cable, or "wired city", method of signal distribution. The broadcasters who prepare for future alternatives are the ones who will be in a position to contribute most effectively to the further development of our national communications system.

6. The fact that broadcasters are required to operate in the public interest would suggest that a most important recommendation for research would be for studies which seek opinions from viewers. Many managers feel that CATV systems will cause stations to go off the air, or decrease their local programming, and thus deny the public of a service which the cable systems cannot, or will not, duplicate. Many cable operators, on the other hand, claim that existing local programming does not need to be affected. They argue that the viewer is afforded a greater variety of service through CATV than is available when reception is restricted to off-the-air signals. While both sides present strong arguments, it is the public which is affected most directly. Therefore, viewers should have an opportunity to express their opinions. When the FCC holds hearings on such matters as CATV, testimony comes primarily from those who have financial interests in the outcome. The Commission itself is supposed to represent the people, but does it have enough information to do so properly? In an article in Saturday Review, FCC Commissioner, Nicholas Johnson, said that the fate of CATV was "being determined in a grim political and economic struggle"⁸ between broadcasting industry and telephone company interests on one side and the CATV industry on the other. He went on to say that, "Almost no one speaks

⁸Nicholas Johnson, "CATV: Promise and Peril," Saturday Review, November 11, 1967, p. 87.

for the public."⁹

No claim is made that the above list of recommendations represents all areas related to CATV which need further study. However, one fact is inescapable. More information is needed in order to develop and build an efficient and effective national communications system.

⁹Ibid.

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APPENDICES

APPENDIX A

"NAB-NCTA Proposed Compromise"

NAB-NCTA PROPOSED COMPROMISE--May, 1969

The National Association of Broadcasters and the National Cable Television Association have been made increasingly aware that constant conflict between the two industries which should have compatible interests does not serve the public interest. In consideration of this fact, the staffs of the two trade associations have evolved proposals for consideration by their respective Boards of Directors which, in the spirit of compromise, would allow both industries to move forward and establish an effective national broadcasting communications policy in the public interest.

The proposals which are set forth below would involve amendments to the copyright laws and changes in regulatory policies to be enacted as amendments to the Communications Act. However, in the event regulatory legislation cannot be enacted at this time, both industries express a desire that the FCC would lend its support to the effectuation of this compromise through its own regulatory authority.

I. COPYRIGHT: The copyright law would be amended to reflect the following:

A. CATV would be liable for copyright payments under the terms and conditions set out below:

1. CATV systems will have a compulsory license to carry all local television signals. Local broadcast signals are defined as Grade B contour signals or their equivalent.

2. The copyright statute would recognize the concept of "adequate" television service. Adequate service means that the CATV system shall have available to it the services of stations fully affiliated with each of the national TV networks plus the services of no more than three non-affiliated commercial TV stations. This means, for example, that in a market such as Philadelphia, which has stations fully affiliated with all existing national networks and three commercial TV stations not so affiliated, no importation of distant signals shall be permitted.

In the event that it is necessary to import a distant signal for the purpose of getting adequate service, the signals of the most proximate station in either category shall be the first to be imported. A CATV system, to the extent that it does not have a sufficient complement of local signals to comprise the signals of a full network station for each of the national television networks and the signals of three commercial independent stations, would have a compulsory license to receive signals of distant stations to bring them up to this adequate service concept; provided, however, that the CATV system would be compelled to obtain the signals necessary to achieve this adequate service from television stations next most proximate to the CATV system.

A distant television signal means the signal of a television broadcast station which is extended or received beyond the predicted Grade B contour of that station.

II. EXCLUSIVITY: CATV systems located in primary or secondary broadcast markets must recognize exclusive licensing of copyrighted material as follows:

1. As against "distant" signals imported into a "primary" television market, a CATV system, upon appropriate notice and request of a broadcast station within whose Grade A signal contour such system is located, must provide the same protection of copyrighted material as that which the broadcast station is afforded against other broadcasters in the same television market.

2. As against Grade B television signals carried in a "primary" television market, a CATV system upon appropriate notice and request of a broadcast station within whose Grade A signal contour such system is located, must protect the first run only syndicated showing of a copyrighted work.

3. As against distant signals imported into a "secondary" television market, a CATV system upon appropriate notice and request of a broadcast station within whose Grade A signal contour such system is located, must protect the first run only syndicated showing of a performance or display of a copyrighted work.

4. For purposes of affording exclusivity protection, a CATV system will be deemed to be within the market of a

commercial television station if the CATV system is located in whole or in part within 35 miles of the main post office or reference point of the community in which the commercial television station is located. The geographic coordinates of the main post offices and reference points will be those adopted by the Federal Communications Commission in Appendix B of Further Notice of Proposed Rule Making in Docket No. 18397, released May 16, 1969 (FCC 69-516).

5. A CATV system located within the 35 mile radius of a community listed by ARB as one of the top 50 television markets will be deemed to be located in a primary television market.

6. A CATV system located within the 35 mile radius of a community listed by the ARB as above the top 50 television markets will be deemed to be located in a secondary television market.

III. GRANDFATHERING: All CATV systems serving subscribers as of the date of the passage of this Bill would be grandfathered as to all existing service. They could continue to carry the signals that they presently carry and would not have to provide any of the "exclusivity" set forth above.

This grandfathering would extend only to the franchise area in which each grandfathered system operates. In the case of a non-enfranchised CATV system, the grandfathering would extend to the boundary of the political sub-division in which the CATV system currently operates.

The grandfathering indicated in this section relates solely to signals currently carried. Should signals be changed or substituted, the new changes will reflect all exclusivity provisions for this agreement.

IV. REGULATORY CONSIDERATIONS: The NAB and the NCTA agree that the most efficient manner of effectuating the compromise in the public interest would be through the enactment of legislative amendments to the Communications Act. However, if this is not possible at this time, both organizations agree that since the FCC has the authority to implement these policies it will proceed to do so upon the enactment of copyright legislation.

1. Retain the carriage and nonduplication currently set forth in present Commission rules.

2. Originations--The FCC should promulgate rules that will permit CATV systems to originate, without any restrictions, sponsored programs on a single channel. There would be no limit to the number of channels the CATV system could devote to either automated service or public service type programs. Advertising, however, would be limited to either the channel permitting unlimited originations of any type of programs or on those channels devoted to automated services.

V. INTERCONNECTIONS: Consistent with the spirit of compromise in the public interest, and conditioned upon the

acceptance of the other portions of this agreement, recognition must be afforded to the necessity for the preservation of television broadcast services to all areas of the country. Accordingly, both organizations agree that CATV systems receiving broadcast programs would be prohibited from inter-connecting for the purpose of distributing entertainment type programming. This prohibition could be waived on a case-by-case basis for good cause shown for contiguous CATV systems for the purpose of serving a local market area.

VI. COPYRIGHT PAYMENTS: CATV systems will pay reasonable copyright fees as determined by the Congress. Small and remote CATV systems should either be exempt from payment or should pay a nominal amount. The proposals set forth above are contingent on a fair and satisfactory statutory resolution of the matter of copyright payment.

APPENDIX B

SURVEY MATERIALS (Samples of Originals)

MICHIGAN STATE UNIVERSITY EAST LANSING • MICHIGAN 48823

DEPARTMENT OF TELEVISION AND RADIO • 322 UNION BUILDING

How will CATV affect the future of commercial television? What forms of regulations are needed? Although many industry groups speak regularly to these questions, no one to date has attempted to seek the opinions of every commercial television station manager. Yet, you are the people who will perhaps be most vitally affected by CATV.

Enclosed is a copy of a questionnaire which is being sent to all commercial television stations in the United States. The survey is designed to discover what you think about the future relationship between commercial television and CATV.

Your response is vital to the success of this project. You have knowledge, experience, and opinions which are available from no other source.

To be included in the final report, the questionnaire must be returned by July 14. A return envelope is enclosed for your convenience.

Thank you very much for your cooperation.

Sincerely,

Roderick Rightmire

RR:aa

A SURVEY OF THE ATTITUDES OF COMMERCIAL
TELEVISION STATION MANAGERS TOWARD CATVPart I
Station and Market Information

1. Please indicate:

a. Type of station you manage (Check one):

(1)VHF____ (2)UHF____

b. Ownership of your station:

(1)Single station____ (2)Group____

c. Network affiliation (ABC, CBS or NBC):

(1)Yes____ (2)No____

d. Market size according to the 1967 rating of ARB based upon net weekly circulation. (This is the list which the FCC is currently using to classify CATV markets.)

(1)Top 25____ (2)Markets 26-100____ (3)Smaller than Top 100____

2. In the spaces provided, please indicate the number of TV stations which are received in your market area with at least Grade B signal strength.

(1)How many network affiliated stations?____

(2)How many independent, or non-network affiliated, commercial stations?____

(3)How many non-commercial educational stations?____

3. Does your station, or parent company, own or have financial interest in one or more CATV systems?

(1)Yes____ (2)No____

4. If your answer to question 3 was "yes", please indicate the number of systems in which your company has financial interest.____

5. Is there CATV service within the Grade B contour of your television station?

(1)Yes____ (2)No____

6. If you answered "yes" to question 5, please complete the following five parts of this question. If you answered "no" to question 5, please go on to question 7.

a. Is your signal carried on one or more local CATV systems?

(1)Yes____ (2)No____

b. Within your Grade B contour, about how many homes subscribe to a CATV service?_____

c. What percentage of television homes does the figure in part "b" represent?_____

d. In the spaces provided, please indicate the number of different TV signals available on the CATV systems which provide service within your Grade B contour.

(1)How many network affiliated stations?____

(2)How many independent, non-network affiliated, commercial stations?____

(3)How many non-commercial educational stations?____

(4)What is the largest number of non-broadcast signals which are originated by a single CATV system?____

e. Does your station, or parent company, own or have financial interest in a CATV system which is within the Grade B contour of your own station's signal?

(1)Yes____ (2)No____

7. Is your signal imported into a distant market by a CATV system outside your Grade B contour?

(1)Yes____ (2)No____ (3)Don't know____

Part II
Attitudes Toward CATV

1. Should CATV systems within a 35 mile radius of the top 100 markets be required to seek permission from distant originating stations before importing signals into those markets?
(1)Yes____ (2)No____ (3)No opinion____
2. In markets below the top 100, the FCC has proposed that CATV systems within a 35 mile radius of a station may carry as many distant signals as necessary (without "leapfrogging") to provide three full network services, the programs of one independent, and any educational stations. Do these regulations afford adequate protection?
(1)Yes____ (2)No____ (3)No opinion____
3. Should a CATV system in a market below the top 100 have to seek retransmission rights from all stations whose signals that system wishes to import?
(1)Yes____ (2)No____ (3)No opinion____
4. Should the proposed 35 mile zone of protection from unrestricted importation of distant TV signals into the top 100 markets be extended to an area such as 60 or 75 miles?
(1)Yes____ (2)No____ (3)No opinion____
5. Should the proposed 35 mile zone of protection from unrestricted importation of distant TV signals into markets smaller than the top 100 be extended to an area such as 60 or 75 miles?
(1)Yes____ (2)No____ (3)No opinion____
6. In your opinion, does the presence of one or more CATV systems within a station's Grade B contour (or its ARB ADI) increase that station's audience potential?
(1)Yes____ (2)No____ (3)No opinion____
7. A CATV system usually increases the choice of channels for a subscriber. In your opinion, does the presence of a local CATV system significantly fragment the audience so that the local station loses potential audience?
(1)Yes____ (2)No____ (3)No opinion____
8. Is a local station's competitive position improved when its signal is imported into a distant market by a CATV system?
(1)Yes____ (2)No____ (3)No opinion____
9. Do you feel that CATV systems should be subject to copyright legislation?
(1)Yes____ (2)No____ (3)No opinion____
10. Do you consider the proposed FCC importation regulations to be, in reality, a substitute for copyright legislation?
(1)Yes____ (2)No____ (3)No opinion____
11. Should CATV systems be required to originate local programming?
(1)Yes____ (2)No____ (3)No opinion____
12. Should CATV systems be permitted to originate local programming?
(1)Yes____ (2)No____ (3)No opinion____
13. Should CATV systems be permitted to originate commercials as a part of local programming?
(1)Yes____ (2)No____ (3)No opinion____
14. If CATV systems are permitted, or required, to originate local programming, should they be subject to the same regulations which pertain to broadcasters, i.e. Section 315, Fairness Doctrine, sponsor identification, etc.?
(1)Yes____ (2)No____ (3)No opinion____

15. Should a TV station owner be prohibited from owning a CATV system within his own Grade B contour?
(1)Yes____ (2)No____ (3)No opinion____
16. Should each CATV company be limited in the number of local systems which it may own nationally?
(1)Yes____ (2)No____ (3)No opinion____
17. In your opinion, is the FCC the appropriate federal agency to regulate CATV?
(1)Yes____ (2)No____ (3)No opinion____
18. Should the individual states have any regulatory jurisdiction over CATV systems?
(1)Yes____ (2)No____ (3)No opinion____
19. Should local communities have the power to franchise CATV systems?
(1)Yes____ (2)No____ (3)No opinion____
20. If current proposed FCC rulemaking is adopted, will CATV deter the development of local UHF stations in the top 100 markets?
(1)Yes____ (2)No____ (3)No opinion____
21. If current proposed FCC rulemaking is adopted, will CATV deter the development of local UHF stations in markets under the top 100?
(1)Yes____ (2)No____ (3)No opinion____
22. In your opinion, will CATV evolve into a form of Pay, or Subscription, television, where a subscriber pays for a portion of the service on a "per program" basis?
(1)Yes____ (2)No____ (3)No opinion____
23. In your opinion, does CATV provide a greater diversity of types of television programming than is available without a cable system?
(1)Yes____ (2)No____ (3)No opinion____
24. Do you perceive CATV as the forerunner of a change in the mode of distribution of television programming from the present broadcast, or "on-the-air", system to a national non-broadcast cable, or "wired city", concept?
(1)Yes____ (2)No____ (3)No opinion____
25. Do you agree with the recent CATV compromise agreement which was proposed by the National Association of Broadcasters and the National Cable Television Association?
(1)Yes____ (2)No____ (3)No opinion____

Part III

Personal Opinion (Attach additional sheet if needed)

1. The FCC has proposed rather extensive rulemaking regarding CATV. Briefly outline any additional or alternative regulations which you feel would be appropriate.

(Over)

2. What local services, if any, can a CATV system originate which are not feasible over a regular broadcast TV channel?
3. Increased demand for spectrum space has required reexamination of current utilization. One of the suggestions has been to change television from its present broadcast distribution system to a national cable, or non-broadcast "wired city", concept. Comment on this possibility.
4. Note: Answer this question only if your market has existing CATV systems.
 - a. What has been the effect of CATV on your station?
 - b. What do you see as future effects of CATV on your station and on the development of commercial television in your market?

**Please return to: Roderick Rightmire
Department of Television and Radio
322 Union Building
Michigan State University
East Lansing, Michigan 48823**

MICHIGAN STATE UNIVERSITY East Lansing - Michigan 48823

Department of Television and Radio - 322 Union Building

July 21, 1969

To: All Commercial Television Station General Managers

From: Rod Rightmire

The excellent response to the survey which I sent you recently indicates a great interest in CATV. If you have already mailed your return, thank you very much for your participation.

In the event that you have not been able to complete your questionnaire, a duplicate copy is enclosed for your convenience. Since the survey is designed to seek the opinions of every commercial television station general manager, your response is vital to the success of the project.

The tabulation deadline has been extended so that any return sent by August 8th will be included in the final report.

Thank you again for your cooperation.

RR:aa

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