

contained exhaustive information concerning the first 2 years of the Hartford trial.

In response to the Zenith-Teco petition, the Commission on March 24, 1966, issued a further notice of proposed rulemaking and notice of inquiry which included the following matters:

(1) A finding that the Commission has jurisdiction to authorize subscription television on a permanent basis.

(2) A recognition of the interest of Congress in the subject and provision of time for Congress to act if it so desired before the proceeding is terminated.

(3) A decision that subscription television is broadcasting.

(4) An expansion of its proceeding to include an inquiry into the appropriate role, if any, of the Federal Government with regard to the establishment and manner of operation of wire or cable subscription television, and how that role should be effected.

(5) Statements that "although we have reached no final conclusion thereon, it appears that it may well be in the public interest to authorize [subscription television] operations on a permanent nationwide basis" and "that subscription television on a nationwide scale can be effectively integrated into a total TV system, with advantages to the viewing audience, appears to be a reasonably sound conclusion at this point."

(6) An indication that the concern of the Commission was with the overall public interest, and that the competition between subscription and conventional television for audience and program material might result in improved and more varied fare for viewers of both services.

However, the Commission emphasized that it regarded the preservation of conventional television service and the continued availability of good program material to the free service as vital considerations.

(7) A statement that commercials would not be allowed on subscription operations.

(8) An invitation to comment on the general issue of whether subscription television should be authorized on a permanent basis, and on 15 specific pertinent issues that would have to be decided if it is so authorized, and on specific proposed rules to govern subscription television if it is authorized on a permanent basis.

Comments were duly filed and, after a thorough study of the record, the Subscription Television Committee, which the Commission had established in 1963, submitted a written report on July 3, 1967, and a draft of a fourth report and order which the Committee recommended for adoption by the full Commission. These documents were made public on July 14, 1967.

The committee recommended the establishment of an over-the-air subscription service and the adoption of rules governing that service. The committee's report and the proposed fourth report are being submitted for the record. (See p. 8.)

Upon receipt of the fourth report, the full Commission determined that its study and resolution of the matter would be aided by oral argument, and that such argument would be most useful if addressed to the report. Oral argument was just heard on October 2 and 3.