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3. Three applications for trial authorizations were filed. One was denied, one was granted but operation never commenced and the authorization was later relinquished, and the third was granted and operation began in the summer of 1962 over UHF station WHCT, Hartford, Connecticut. ^{7/} The last-mentioned grant was affirmed by the U. S. Court of Appeals. ^{8/} The Hartford trial uses Phonevision equipment of which Zenith Radio Corporation is the manufacturer and patent holder. Teco, Inc. is the patent licensee of Zenith.

4. In 1965 Zenith and Teco jointly filed a petition for further rule making to authorize nation-wide STV on a permanent basis. The petition was based on data derived from the Hartford trial. The first part of the Further Notice of Proposed Rule Making and Notice of Inquiry (hereinafter called Further Notice) mentioned at the outset is responsive to the Zenith-Teco petition. It contains a discussion of over-the-air STV ^{9/} and invites comments on proposed rules for such a service. In the second part, the Commission, on its own motion, instituted an inquiry into what the appropriate Federal role, if any, should be with respect to the establishment and manner of operation of wire or cable STV. This type of STV was previously outside the scope of this proceeding, and was made a matter of inquiry because of the change of conditions since 1955 when the proceeding began. We shall first consider the over-the-air rule making, and then turn our attention to the inquiry.

OVER-THE-AIR SUBSCRIPTION TELEVISION

Preliminary Matters

5. The Commission is of the opinion that it is in the public interest to authorize over-the-air STV on a nation-wide basis to the extent described in the following discussion and crystallized in the rules adopted today (Appendix D).

Jurisdiction

6. The Notice of Further Proceedings announced the Commission's conclusion that it has statutory authority to authorize over-the-air STV operations. The First Report affirmed that conclusion and presented in detail (in

^{7/} 30 F.C.C. 301, 20 Pike & Fischer, R.R. 754. The authorization was for a period of three years and was subsequently extended for a period of three years or (if it occurs sooner) until such time as the Commission terminates the present proceeding and enters an order with respect to the authorization.

^{8/} Connecticut Committee Against Pay TV v. FCC, 301 F. 2d 835 (C.A.D.C., 1958), 23 Pike & Fischer, R.R. 2001, cert. denied, 371 U.S. 816.

^{9/} In over-the-air subscription television, usually both the audio and video signals are transmitted over the air in "scrambled" form by television stations and may be viewed intelligibly only by those having "unscrambling" devices attached to their sets. Some systems scramble only the video and not the audio.