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and 10% average subscription audience (as compared with the 5.5% of the trial), the average STV audience in prime viewing time would only be 1% of all the TV homes in the United States. This diversion and whatever effect on revenues it might have we felt would not seriously impair the free TV service.

79. We went on to say that conceivably the audience diversion might be substantially greater if STV should result in "siphoning" 26/ of programs and talent from free TV to STV. And, aside from audience diversion, should siphoning occur, we stated, it could make free TV a less rich and varied medium for those continuing to view it. Because we found it difficult, on the basis of the Hartford or any other information, to arrive at conclusions about siphoning, we invited comments on the extent to which it might be likely to occur and on what rules or policies, if any, should be adopted to prevent it from occurring to a degree contrary to the public interest. Paragraph 14 mentioned and invited comments on possible regulative approaches to the problem--the safeguards mentioned in the quotation in paragraph 75 above. 27/

26/ A matter of key importance in this area is the possibility of diversion of talent and programs from free TV to STV, a process often called "siphoning."

27/ The pertinent portion of paragraph 14 is as follows:

"It is difficult, on the basis of the Hartford trial or any other information which we have, to arrive at well-founded conclusions concerning siphoning of programs or talent. We invite comments on the extent to which such developments are likely to occur, and what rules or policies, if any, should be adopted to prevent them from occurring to a degree contrary to the public interest. For example, such regulations might include (1) rules preventing or limiting interconnection of pay TV operations by microwave or otherwise, (2) rules prohibiting a system manufacturer or franchise-holder (who might hold franchises in numerous markets) from engaging in subscription program procurement and supply, which could be made the responsibility of the individual licensee, or (3) rules to assure that subscription television entrepreneurs do not unreasonably contract with performers in such a way as to prevent or discourage their appearing on conventional television. Another possible approach to this question, urged by Zenith and Teco, is that subscription television be limited to kinds of programs not presently available in substantial amounts on conventional TV. This is discussed in paragraphs 41-42 below. We anticipate that, if subscription TV operations are authorized, the licensees thereof will be expected to furnish the Commission, on a continuing basis, with information as to number of subscribers, per-subscriber expenditures, and programs presented so that we may be periodically informed as to the factors bearing on their potential for siphoning programs or talent from conventional television."