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continuation of such a service should be prohibited as contrary to the public interest, or whether its continuation and expansion should be governed by new regulatory controls furnished if need be by amendments to the present statute."

As events developed, however, trial operations were not conducted under the provisions of the First Report, but under those of the Third Report instead. Two fundamental differences exist between these reports: Under the former, more than one STV system could have operated within any one market, and any STV system could have been tried in up to three markets. Under the latter, only one STV system could operate within a single market (although more than one station in the market could engage in STV operations using that system), and any system could be tried in only one market. This fact may have resulted in our obtaining less information about the area of monopoly than might otherwise have been obtained. However, at the time, other considerations militated in the direction of adopting the revised provisions of the Third Report. In any event, it may be seen that our concern in the quoted paragraphs had to do with the matters specified in the present issue as well as with that of interconnection of STV stations by a nation-wide network--an item mentioned in footnote 32.

188. Proponents of STV commenting on these matters generally favor no restrictive rules thereon, at least at the outset. As an example, the views of Zenith and Teco are stated in their own words:

"Zenith does not contemplate engaging in program production or distribution if subscription television is authorized. However, we see no reason for a rule prohibiting Zenith from so doing. Other parties manufacturing or selling equipment in more than one market are presently permitted to engage in the procurement and supply of programs to conventional television for either their own or other television stations, or both, while making and selling equipment to those stations or to the public, or both.

"In our opinion, a holder of a subscription television franchise in either a single market or in several markets should not be prohibited from engaging in the procurement and supply of programs to television stations for subscription use, so long as the subscription television station is free to use the franchise holder's system, whether or not it uses the programs supplied by the franchise holder. Indeed, in many cases the subscription television station and the franchise holder may be the same party. This, as the Commission knows, is true of RKQ in Hartford. This may also occur in the case of two Phonevision franchise options which have been granted to Field Communications in Chicago and Kaiser Broadcasting in Los Angeles.