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202. As explained above, and for the reasons mentioned, we are adopting rules providing that only one station in a community may engage in STV operations. In effect, then, we have decided that under the conditions of uncertainty about the future development of STV, and to protect the interest of the public in having sufficient amounts of free TV programs available, there should at least at the present time be something akin to territorial exclusivity for the STV operator in each community.

203. As to the matter which is analogous to the exclusivity of affiliation which was struck down by the chain broadcasting rules, we have, as the previously stated views of the parties indicate, a conflict of thought between two of the principal proponents of STV--Zenith-Teco, and Telemeter. Zenith and Teco relate that for business and legal reasons they would be precluded from entering into arrangements with local franchise holders that would give any program supplier exclusive use of Phonevision facilities. They state that the same considerations would prevent local franchise holders from arrangements with STV stations that would require the stations to broadcast only STV programs which the franchise holder supplied. On the other hand, if we understand the position of Telemeter correctly, it is of the view that it is essential that arrangements which limit an STV station to obtaining programs from a single source be permitted or the new service will not be able to develop in its early stages. It appears that Telemeter would agree that at a later stage of development such arrangements might conceivably not be in the public interest.

204. As a general principle, we believe that the philosophy underlying the chain broadcasting rules should apply to STV, for it is in the public interest to stimulate competition and diversity. However, general principles are subject to modification if the situation indicates a public benefit may result. Such was the case with our decision to limit STV operations to one station per community. As to the present problem, in our judgment, we do not know enough about STV at this time to adopt rules proscribing exclusive programming arrangements--which on their face would appear to be anti-competitive. For it may be that under the circumstances that prevail in the early phases of STV such arrangements, as Telemeter argues, will be necessary to nurture the new service into being--thereby once again modifying the general principle. Thus, on the one hand we believe, along with ABC, that there should not now be specific regulation. But on the other, we would be remiss in our duty, in setting up a new service, to write rules that are silent on a topic of great concern. For this reason, we have chosen a middle course. We adopt rules (see Section 73.642(e) of Appendix D, which with modifications is the proposed Section 73.642(e) of Appendix C) which provide that, generally speaking, parties will not be granted STV authorizations if they have entered into agreements that prevent or hinder them from making a free choice of programs. However, we provide that we shall examine each application on an ad hoc basis, and if it appears under the given fact situation that the rule should be waived, we shall do so.

205. Similarly, Telemeter has urged what in effect is a rule permitting optioning of a station's time for broadcasting a certain number of hours