

-107-

to the head-end of a CATV system could unscramble an STV signal and transmit the decoded signal along the cable like any other TV signal. However, this is said to be commercially impractical, and we dismiss it from further consideration. It is also said that existing CATV systems could carry scrambled signals along a cable to decoders, attached to sets of subscribers, which could unscramble them just as if they had been picked up off the air. However, we shall not at this time require that CATV systems carry scrambled signals of local STV stations. The matter will be given consideration, if warranted, at a later date.

309. Should an STV station and CATV systems within the Grade B contour of the conventional service of that station wish privately to arrive at agreements whereby the CATVs will carry STV programming of the station, the public interest might be served (by having the STV signal of the station extended within its conventional TV service area). We shall therefore give consideration to proposals of STV stations wishing to make such arrangements. However, no party holding or applying for an STV authorization shall consummate such an arrangements without Commission approval thereof.

310. It should be noted that we here speak of permitting such carriage of STV signals by CATV systems within the Grade B contour of the STV station. We do not now intend to permit it outside of that contour. This will confine STV to the communities which we have selected for that service. Because of this, we see little merit to the Joint Committee argument that STV-CATV arrangements should be prohibited (see para. 303). As to the argument of ACLU that CATV systems should be required to carry STV signals so that those who have lost free TV service may have the opportunity to view the STV service which pre-empted the free TV time, we reply that the considerations that led to our limiting STV to five-station communities, with one STV station to a community, as a safeguard that would assure adequate free TV programming in such markets, apply to all viewers in the community, whether they use CATV or pick their signals off the air. The question of whether CATV systems outside the service area of an STV station should be permitted to carry its STV programming is one to which we shall devote further study.

311. A final matter should be mentioned which may require future action. Often the CATV operator, in installing the cable connection, disconnects the TV set from the outdoor antenna. This can make it impossible for the subscriber to receive a local TV station directly off the air. Under the provisions of Section 73.1033(c) of the Rules, we have provided that if a CATV system does not carry the conventional signals of a local TV station it must offer and maintain a switching device for each subscriber so that the subscriber may choose between viewing the local station off the air or viewing other stations on the cable. This need not be done if the subscriber indicates in writing that he does not desire the device. With regard to STV, it is possible that, if the CATV operator has disconnected the set from the outdoor antenna, is not required to carry the scrambled signal of the local STV station (see para. 308), and has not made arrangements with the local STV station to carry its scrambled STV signals (see para. 309), the CATV subscriber might not be able to pick up the scrambled STV signals off the air, and thus