

tion of subscription television. It may be conceded that advertising-sponsored television is making available a valuable type of television service to a substantial portion of the American public. However, numerous compromises are still being made with television's full potential. Box-office type television entertainment is simply not available to the public. While the Commission has allocated sufficient channels to provide for a competitive television system, such competition is often limited under present circumstances. The public has no direct voice in selecting the programs which it may desire to see. Television's need for additional revenue and programs must also be viewed in the perspective of these relevant factors.

A. Business Projections Based on Hartford Trial Experience

Neither Zenith nor RKO anticipated that it would be possible in the limited three-year trial period to establish a profitable subscription operation in Hartford. Indeed, RKO estimated in the subscription hearing on its Hartford application that even under optimum trial operating conditions the Hartford trial would lose in excess of one million dollars during the three-year trial period, and RKO committed to spend from two million dollars to ten million dollars during the trial.¹⁶ The Hartford trial, however, has accomplished what it was designed to do; namely, the gaining of empirical knowledge and the obtaining of significant and reliable data which would serve as a basis for appraising the potentials of subscription television in other types of circumstances. The experience so gained and the demonstrable facts so developed offer for the first time the parameters for reasonable business projections of the potentials of subscription television to provide additional economic and program resources which would facilitate significant increases in the number of television services available to the public.

Utilizing the facts established by actual Hartford operating experience, Zenith and Teco have prepared business projections for various size subscription systems. Four such projections are set forth in Tables 5 through 8 at the end of this section, covering subscription operations at the level of 20,000, 40,000, 75,000 and 100,000 subscribers, respectively.

Each of these pro forma profit and loss analyses projects the financial results which would occur at three different levels of annual

¹⁶ *Application of Hartford Phonevision Co.*, 20 RR 754, 759 (1961).