other technical improvements are also reflected in our projections.[18]

The basis for the other estimates contained in these projections is as follows: All projections set forth in Tables 5-8, assume a going concern of 20,000, 40,000, 75,000 or 100,000 subscribers. The basis for the projected annual program expenditure per subscriber has been described above. In addition, it is assumed that each subscriber will pay an annual decoder rental fee of $39, which is the rental fee which subscribers are paying in Hartford.[19] Decoder installation charges are estimated at $10 per installation—the charge made during the Hartford trial.

The price which subscription television operators will pay to program producers and distributors for carrying their programs on subscription television is estimated to be 35% of the total subscriber program expenditures. This 35% figure is based upon the experience in Hartford. It also conforms to the percentage which motion picture producers and distributors, with a few exceptions, have traditionally charged motion picture theaters. It also represents a reasonable business allocation of total subscription income which will permit the television station and the subscription system operator to make a fair profit on the essential subscription functions which they will provide.

For the purpose of illustrating the economic viability of subscription television, we have assumed an expense for station time utilized for subscription programming of $300,000 a year for systems having 20,000 and 40,000 subscribers, and $400,000 a year for systems having 75,000 and 100,000 subscribers. Naturally, these station time charges will be subject to private negotiations and may vary upward or downward depending upon the profitability of the business. The particular time charges illustrated in the projections have been selected primarily because they represent an amount which, in most cases,

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[18] A further discussion of the technical performance during the Hartford trial and information concerning technical improvements which Zenith has developed as a result of experience gained during the trial is set forth *infra* at section X of these comments.

[19] The Commission, in its Third Report and Order, supra, 16 RR 1540a, 1540b, required decoders to be rented rather than sold to the public during trial operations in order to protect the public from obsolescence in the event the trial was not extended beyond three years. We believe that if subscription television is authorized on a definitive nation-wide basis, practical business considerations will lead to the continuation of the practice of renting decoders rather than selling them to the public. On the other hand, we do not believe that any regulatory purpose is served by continuing this policy, and the Commission, therefore, might consider permitting subscription operators the flexibility of either selling or renting decoders to the public as business requirements may dictate.