

chise system is so substantial that it could not be met alone by many television stations. Thus, it is almost a certainty that sources of capital for the construction and operation of a subscription franchise system will have to be obtained from outside investors who may have no ownership interests in television licensees. We believe that it is unnecessary to speculate at this time on the precise make-up of subscription franchise system ownership as it may evolve in different markets. So long as any subscription franchise operator provides subscription service to all stations authorized by the Commission to carry subscription programs in a particular market, it would not appear to make any difference whether one or more of the television stations in a market had an ownership interest in the franchise operation or whether the franchise system was owned completely by non-broadcasters.

Other aspects of the modus operandi and methods to be employed have been explained throughout these comments.

B. Technical Performance.

The Hartford trial established that the Phonevision subscription system can meet all of the technical requirements established by the Commission in its Third Report; namely, (1) the Phonevision operation in Hartford did not cause interference either within or without the frequency employed to any greater extent than is permissible under the present rules and standards of the Commission; and (2) the Phonevision operation in Hartford did not cause perceptible degradation in the quality of the video or audio signals on any receivers during either a subscription program or a non-subscription program.

In addition, the Hartford trial established the following technical points: The Phonevision decoder may be installed on all makes and models of television receivers now in the hands of the public, where such receivers are otherwise in good operating condition.

Further, the Hartford trial established that the Phonevision system provides adequate protection against reception by non-subscribers. There have been no known instances of decoding of subscription television signals in Hartford by unauthorized persons or through the use of privately-built equipment not of Zenith Phonevision design.

During the Hartford trial, the Zenith Phonevision system at all times permitted an accurate allocation of the per-program charges to the individual programs viewed by subscribers as required by various program distributors. Thus, the monthly billing not only reflected the