

total charges incurred by the subscriber, but broke down this total into the specific individual program components making up such total charges.

Contrary to speculative allegations advanced prior to the Hartford trial that entertainment must be sold to the public on a cash rather than on a credit basis, the Hartford trial established that a credit system is not only well received by the public but is also a sound business approach. The bad debts written off for the first two years were approximately 0.17% of total billing receipts, which is well within the bad debt ratio absorbed by many other types of businesses.⁴³ Further, periodic audits of the sealed magnetic billing tapes installed in subscribers' decoders revealed no attempts by subscribers to cheat with regard to billing.

The Hartford trial also established that the Phonevision equipment will function satisfactorily with a minimum of service calls. Upon the basis of recent improvements, it is estimated that home service calls will average .89 per subscriber per year. Many service calls did not involve defects in the subscription decoder. It was discovered that many defects were in the television receiver itself rather than in the decoder. In such cases the subscriber was required to contact his own TV serviceman for repairs or service. Other false service calls resulted from degradation of received UHF signal (inherent with UHF reception) because of weather, terrain, poor built-in antenna and the critical adjustments required for UHF-type tuners. Such service calls, of course, cannot be charged against subscription television equipment.

As a result of technical experience gained in the Hartford test, Zenith has re-evaluated the design of the subscriber instrument and has determined that a number of changes and simplifications should be introduced. Consequently, a new model decoder has been designed and developed and is now being production-engineered at Zenith. In comparison with the decoder presently employed in Hartford, the new instrument will differ in the following respects:

1. It can accommodate color as well as monochrome signals.
2. It can be connected to the antenna terminals of a receiver, instead of connected to inside wiring of the television set.

⁴³ Bad debt ratios of some other businesses: Communications (0.24%); Electric and Gas Utilities (0.19%). Table 2, Income Statements by Major Industrial Groups, p. 22, Statistics of Income, 1950-1957, Corporation Income Tax Returns, Internal Revenue Service.