

Mr. BROWN. Let me ask you about the financial needs of this system. What would it cost to convert a television station already on the air in Dayton, Ohio, to an STV type system?

Mr. WRIGHT. We have some figures that have been given in the data on Hartford. We think that a UHF station operating like channel 18 with part commercial television and the rest subscription, can be a profitable, going venture with 20,000 subscribers in the market.

Mr. BROWN. The financial answer. How much does it take?

Mr. WRIGHT. Twenty thousand subscribers—we are talking here about a possible investment of as much as \$125 to \$150 a subscriber, 20,000 subscribers, you are talking about \$2 to \$3 million.

Mr. BROWN. You get that back from your subscribers?

Mr. WRIGHT. Presumably over a period of years. One of the principal costs of it is your equipment cost and depreciation.

Mr. BROWN. \$2 to \$3 million to get 20,000 subscribers, is it?

Mr. WRIGHT. \$2,711,500 is the projection we made on page 30 of this blue book. The cost of the decoders and the encoding equipment is a large part of that capital cost, yes, sir.

Mr. BROWN. This is not going to be something that anybody goes into unless they have a little money behind them? It will have to be a fairly sizable investment, with a market survey and that sort of thing, to see if it is going to work, is the right?

Mr. WRIGHT. And it is going to take time. If we got an authorization tomorrow we could not have a system of 20,000 to 30,000, say, in a city like Chicago in less than 2 or 2½ years at the very earliest. This is not something that someone presses a button and all of a sudden some monster is full grown.

Mr. BROWN. If this committee would decide, for instance, either to remain silent on this subject, which apparently would mean from the testimony we have heard from FCC that the FCC would go ahead and permit the expansion beyond Hartford of this system, or if the committee would consciously say we will let you go ahead and develop this a little further and see what we think of it as it begins to move, what are we talking about in terms of time before the top 25 markets in the country have STV stations on the air if they found that there was a demand for it, which is another debatable area apparently.

Mr. WRIGHT. I would say we would not be beyond the first five or six markets within 5 years and that to be in 25 markets with a substantial subscriber penetration would take 10 years.

Mr. BROWN. So we are not exactly talking about destroying free television over night if this thing is allowed to move?

Mr. WRIGHT. We are certainly not, sir. We are certainly not.

Mr. BROWN. Under the FCC regulation, you know, you read these things and they are subject to interpretation and I was surprised when the Chairman advised me it is five existing signals rather than four, but do I understand then that the FCC is saying that they can only have one STV station in a community?

Mr. WRIGHT. That is correct.

Mr. BROWN. Is it possible that if you were an STV subscriber and you had two or three station sources from which to get competing STV productions that you would be able to take a choice of those three selections so that if you did not want to watch Raquel Welch but wanted to watch "Lassie" instead, that you could have that choice on STV?