

B. CATV As A Form of Pay-TV

A clear threat to the continued healthy existence and growth of free television is posed by the possibility that CATV systems may be converted into Pay-TV operations, or that they will originate programming on vacant video channels. In fact, there is now formal interest in utilizing CATV systems to carry programming which does not originate with broadcast stations. See applications of Dal-Worth Microwave, Inc., File No. 7661-C1-P-66. It is common knowledge that CATV systems have been utilized to distribute specialized programming, *e.g.*, heavy-weight championship fights, that is not otherwise available to television broadcast stations, and substantial interest now exists among CATV groups for program origination on a broad scale.

The Dal-Worth applications apparently do not propose to charge subscribers on a per program basis for the nonbroadcast programming that would be provided. It is nevertheless clear that program origination undertaken by CATV systems can have as serious consequences for free local service as the most widespread pay television operation conducted on a broadcast frequency. Manifestly, such CATV operation would be in active competition with free television both for audience and for program material.

That no valid distinction between such CATV and Pay-TV may be based on the difference per program and monthly subscription payments has repeatedly been recognized. Indeed, the Commission uses the terms "pay television" and "subscription television" interchangeably. Moreover, one of the first pay television operations in the country involved a community antenna television system located in Bartlesville, Oklahoma, ("Telemovies") which did not charge subscribers on a per program basis but on a monthly basis. There was no doubt that this was pay television. (See *Broadcasting*, September 9, 1957, p. 31).