

"grandfather" existing systems, even though they are located in the large markets and importing distant signals, is fair indication that at least some cities will be subjected to the competition of a CATV system, with an effect upon the local television stations exactly as if an off-the-air Pay-TV service had been established. The extent of the CATV development at this point in time is not such that the Commission can dismiss the impact of distant signals upon local television stations before measuring that factor in determining whether off-the-air Pay-TV service should be established.

In addition, the same type of procedures should be adopted by the Commission with respect to the proposed broadcast Pay-TV service as have been adopted for new CATV activity in the larger markets. Whenever CATV systems bring to a particular community television programs which are not otherwise available off-the-air, they are affecting the competitive viability of the local television service in exactly the same manner that a Pay-TV system from a local broadcast station would do. Logical analysis requires the Commission to adopt procedures which would permit scrutinizing of the impact of broadcast Pay-TV operations upon the local television services in exactly the same manner that the Commission now requires CATV systems in the larger markets to prove in an evidentiary hearing that other stations will not be harmed by such operations. Since the threat is the same, the Commission's procedures to handle each should be the same.

It should be emphasized that the importation of distant signals is not merely a potential factor to be measured together with proposed off-the-air Pay-TV operations. According to a study of the National Communication Television Association, 92 percent of the CATV systems in this country carry at least one distant television signal and most systems carry more. See *Cable TV Review*, September 19, 1966, pp. 4-5. If the Commission is to treat the Pay-TV threat to local service in the same manner as it has treated the CATV threat, it must conclude at a