

minimum, as in the CATV field, that evidentiary hearings in the particular markets on the proposal of the Pay-TV proponent must be conducted. Such hearings are an unsatisfactory alternative to deferral of action upon the instant proposal until the Commission's regulatory program in the CATV field has been developed. If, however, the Commission is determined to go forward with authorization of a nationwide Pay-TV service, then it must permit individual evidentiary hearings to be conducted so that the impact upon the local free television service may be assessed in a realistic manner. Such hearings would develop: (1) the nature of the Pay-TV service proposed, including its proposed penetration of the market; (2) the posture of the local free television service in existence and likely to come into existence; and (3) the extent of existing and proposed CATV activity in the particular market.

D. Summary

The Commission has proposed here to authorize on a permanent basis and throughout the nation a broadcast service which has no substantial precedent. Whatever the merits of such a service in bringing additional programming to the public, it is clear that there are serious and substantial questions concerning the impact of the service upon existing free television operation. The Commission's proposal is put forward when the shape of the television industry has not been settled. All that is clear now is that the industry faces a five to ten year period of maximum instability. The burgeoning growth of CATV systems, particularly in the larger markets, must be assessed by the Commission before it can take definitive action in the Pay-TV field.

The Commission also must not lose sight of the fact that with an ever increasing need for frequency space, authorization of an unprecedented and largely unknown service such as Pay-TV on broadcast