

**C. No Pay-TV System Will Be Authorized
Until it has A Minimum of 2,000 Sub-
scribers**

Every family or individual possessing a television receiver within technical range are potential viewers for free TV. Thus, considering television set saturation, there is no need to require applicants for television broadcast stations to demonstrate the existence of an audience. Pay-TV, however, absent the addition of a new element — subscribers, has no potential audience and the Commission cannot blithely assume that such an audience will materialize. In fact, based on the results of the Hartford test, there is an adequate basis to forecast that Pay-TV will not achieve a sufficient audience base necessary to survive. In short, whereas free TV has a potential audience recognizably available, Pay-TV does not — until subscribers are obtained. The proposed rule would translate this basic difference (the new element — subscribers) into a meaningful standard.

Based on the Hartford test, proponents state that a 20,000 subscriber system is the smallest system economically feasible (*Joint Comments*, p. 35). Accepting this as an accurate projection, the Commission should adopt a rule looking toward reasonable assurance of continued operation (*Ultravision Broadcasting Co.*, 1 FCC 2d 544). Such a rule would help protect against the type of public and private detriment suffered as a consequence of the early failures in UHF television. While it is not realistic to expect Pay-TV stations to commence operation with 20,000 subscribers, it is reasonable to require, as a part of the basic showing of need, that Pay-TV applicants demonstrate by firm, binding agreements at least 2,000 subscribers, prior to the grant of a Pay-TV authorization.