

**E. Pay-TV Stations Should Be Limited to UHF
Stations and to Communities within the Grade
A Contours of at Least Four Commercial
Television Stations**

Historically, the Commission has striven to attain television dispersion throughout the United States. Incidental to this goal, the Commission has deemed it significant to provide conditions looking toward the establishment of parity among the national networks. Operation of a Pay-TV station in a market within the Grade A contour of less than four commercial television stations will subvert the progress heretofore accomplished. The displacement of network programming by a Pay-TV movie during the prime time in a major market would disrupt the competitive position of that network, *vis-a-vis*, the other two and it would also deprive the viewing public of the displaced network programming.

Presumptively, pay television is to be authorized as a supplemental service. No such justification exists if its authorization will result in the displacing of a major program source.

The available data from the Hartford test provides no basis for deviation from the policy considerations set forth in the *Third Report and Order*, limiting Pay-TV operation to markets within the Grade A contour of four commercial television stations.

PROPOSED RULE

No license shall be granted to a television broadcast station proposing to carry programming for which a fee is charged except upon a showing that the market which it serves or proposes to serve is within the Grade A contour of at least four commercial television stations (including the Grade A contour of the Pay-TV station). The market shall be the market as used by the American Research Bureau for the most recent year.