should not also govern STV. For example, these areas include the three-year license period (Section 307(d)), political broadcasts (Section 315),[73] rebroadcasts (Section 325), exemption from the prohibition of unauthorized publication of communications of radio broadcasts (Section 605) and the fairness doctrine (as to the legality of which MST takes no position).

F. OTHER SPECIFIC REGULATORY ISSUES

1. Commercial announcements—STV Report, Paragraph 275 and Proposed Section 73.643(a)

The STV Report recommended that commercial announcements of any kind be prohibited during STV programming hours. MST supports this recommendation but, as MST pointed out in its initial Comments, advertising on STV would be likely only after free television had lost the battle for broadcast time, audiences and programming. At that time, retaining the prohibition against commercial announcements on STV might not be in the public interest; the demand for STV to fill the advertising void left by the impairment of free television might be irresistible.[74] Instead of waiting until it is too late, the Commission should face the fact that STV threatens ultimately to impair free television to the point of destroying its essential advertising role in the economy of the nation.

2. CATV and STV—STV Report, paragraphs 306–12

The STV Report made a threefold distinction concerning the relationship of CATV and STV: (1) STV systems in which the programs travel entirely by cable from the studio to the sets of subscribers, (2) CATV systems which, in addition to their traditional function of receiving and retransmitting free television signals, also originate STV programs that are distributed by cable to subscribers, and (3) CATV systems which, in addition to their traditional functions, transmit over-the-air STV programs which they have picked up off the air or by microwave.

MST takes no position on the first category, which is purely closed-circuit STV.

Although there was no recommendation in the STV Report concerning Commission jurisdiction over the second category, it is incorrect to state that there are presently no STV operations in the Unied States in this category merely because the program originations of some CATV systems are made available to subscribers at no additional charge. The program origination by some CATV systems at present,[75] and the much greater program origination that CATV systems plan for the future, *is* wired STV and it is totally irrelevant whether payment for those programs is made by the program, by the day or by the month. Nothing compels STV operators to charge by the program. Indeed, STV promoters have indicated that there might be STV stations that sell "magazines" of programs.[76] As MST has stated in the past, program origination over CATV systems is a form of pay television and MST is strongly opposed to such operations. The Commission recognized in its Second Report and Order on CATV, that CATV should not be allowed to use free television programs as the financial base for STV operations, which would impair free television. If wired STV is to be authorized, it must succeed or fail upon its own merits and not use revenues derived from exploitation of free television programs as a stepping stone.

With regard to the third category of combined CATV–STV operations, the rules proposed in the STV Report would allow STV stations to make arrangements, upon prior Commission approval, with CATV systems operating in the station's Grade B contour to carry the STV programs of the station. As discussed above, such arrangements would have been the effect of broadening the adverse impact of STV on free television beyond the apparent limits proposed in the STV Report.

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[73] However, a licensee's Section 315 and fairness doctrine responsibilities for pay programming should apply independently of its responsibilities for free programming, so that, for example, a station should not be able to balance a candidate appearance on STV against a candidate appearance on free television.

[74] The fact that STV proponents have not proposed commercials is irrelevant. CATV proponents disclaimed any such intent, but some are now selling commercial time. *See Broadcasting,* July 4, 1967, p. 30; Hornberger, "Your Friendly Neighborhood Video Channel," 23 *Television* 45, 71, 74 (December 1966).

[75] For example, International Artists, Inc. is selling films for program origination on CATV. Agreements have been signed with 27 CATV systems, with 125,000 subscribers. *CATV Magazine,* August 7, 1967, p. 10.

[76] *Broadcasting,* July 24, 1967, p. 42.