

Do you think it would be appropriate, if the FCC makes this presumption under normal usage (some markets in Texas notwithstanding), that the present STV regulations they have made are proper now but that it might be modified so as to broaden the STV action in certain markets later on?

What I am saying is this. We don't know what STV may do to commercial stations on the air at present. This has been one of the great issues discussed in this hearing, that STV will have an adverse effect if it is highly successful on both talent and programs available and also on the viewing audience so that advertisers won't want to continue to advertise when put up against something that has a high box-office appeal.

Do you think it proper that the FCC has written a decision into its anticipated rules allowing only one STV station in a five-channel market? Perhaps, after it sees what happens, the FCC will open it up to more STV stations in those markets?

Mr. FIRESTONE. No, sir. I would not say that this is a proper determination at this time because I am aware of UHF stations which are the fourth stations in four-station markets, where there are three VHF network-affiliated stations and a fourth UHF station, an independent, these stations are suffering economically at this time for many reasons. They might very well feel that the way for them to develop their total program service would be to take a subscription television franchise in the hopes of generating additional revenue to support their operation.

Mr. BROWN. What about markets that presently have two commercial stations?

Mr. FIRESTONE. If there are two, it would mean that there is a very strong possibility that the third station—the third station being UHF—will obtain a network affiliation, which will have a dramatic impact on its ability to obtain revenues. For various reasons, having network affiliation can assure quicker turnaround for a UHF station than having to operate in an independent market.

Mr. BROWN. I don't think you have to talk of UHF as set apart from VHF because what we are talking about is three- or four- or five-channel markets. Isn't that it?

Mr. FIRESTONE. Yes. In those markets the stations that are the ones that would be most likely to utilize pay TV service would be the UHF stations.

Mr. BROWN. You have Metromedia in the Washington market as the fourth VHF. Are you suggesting that Metromedia would not want to get STV?

Mr. FIRESTONE. Not at this time.

Mr. BROWN. And if we prohibit the fourth VHF from getting STV, would that leave STV to UHF?

Mr. FIRESTONE. Metromedia's profit picture is such that there would not be any tremendous desire at this time to go into STV when it would be still a somewhat speculative operation. They make a substantial profit in this market. They might do it 5 years from now if STV would prove successful and very profitable.

Mr. BROWN. I am trying to find out whether or not it is the three-station market situation, wherein the network possibilities have all been absorbed or is it the UHF factor that is in back of your thinking? I am trying to get the rationale.