

(The letter referred to follows:)

SUBSCRIPTION TELEVISION, INC.,
Los Angeles, Calif., July 28, 1965.

Re docket No. 11279, file No. RM-748.

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D.C.

DEAR SIRs: Although we are not a party to the proceedings *In the Matter of Amendment of Part 73 of the Commission's Rules and Regulations (Radio Broadcast Services) to Authorize Nationwide Subscription Television*, we would like to express our views with respect to the rule-making petition of Zenith Radio Corporation and Teco, Inc.

We support the petition of the joint petitioners for authorization of nationwide subscription television, subject to the modifications urged by International Telemeter Corporation.

In 1964, this company offered a cable subscription service to two areas in Los Angeles, California and San Francisco, California. The cable passed or would pass one hundred thousand homes in these two areas, and before our business was declared illegal by initiative action in the election of November, 1964, the public had already ordered the subscription service in tremendous numbers. (The initiative has since been declared unconstitutional by the Superior Court in Sacramento.) Although the selling effort in the two areas had only approached mid-point, we already had twenty-five thousand homes signed up for the service, with an additional twenty thousand homes ordering the service but outside the initial area. Our projections show that we signed up half of the homes in these areas where the families owned television sets, and were not moving.

We believe this indicates in a degree far surpassing the experience of the other predecessor's attempts at subscription service, the public understanding of the difference in programs available by cable or fees, and the kind of product that commercial and educational television are limited to, one because of the nature of the advertising-supported system, and the other because of the nature of the donation-supported system.

In the case of over-the-air service, which is properly a matter for the Commission's jurisdiction, which is by no means clear in the case of cabled service, our company believes that the need has been established for the public to receive programs that can never be available on television as constituted, that is to say, (i) material where the audience is too small for commercial sponsorship, such as the cultural coverage programs of opera, ballet, symphony, recital, and the like, (ii) educational material which cannot be afforded by educational stations nor used in any major way by commercial stations, but which is needed by our adult population and will be increasingly needed as we get more leisure, and more incentives to learn and (iii) material which will never be affordable by commercial television, such as current motion pictures, or blacked out home games of sports events, or plays or attractions playing at the box office at the time of televising.

Our experience in California on the use of the service was too brief to be resultful, but we do know that while half the time was spent on motion pictures and another twenty-five percent on sports, mainly baseball, the important fact to professional management in communications is that twenty-five percent of the time spent on system was in the categories of cultural coverage, non-fiction coverage, educational materials, and special events. The promise of the cable service is an intelligent population, with elevated tastes, upgraded standards, and the opportunity to enjoy the pleasures of civilized and literate human beings. We do not believe that, good as it is, commercial broadcasting can perform the mission of bringing to groups of our people coverage of the interests they share in large enough numbers to be able to afford that coverage, although such numbers are wholly unsuited to television on an advertising-supported basis.

Our company believes that the new UHF stations may be sufficient in quantity to permit spectrum use of subscription television as an additional source of income to the station without reducing the number of services now available to people through broadcasting. Thus, in any community, without harm to broadcast service, the program range and scope could be increased through subscription service. The company does believe, however, that over-the-air subscription service will, for many reasons, always be a supplemental delivery system to the cable service, with its multiple channels, its capability to move to a 1000-line system in the near future with the great quality improvement available, its