

V. COMMERCIAL ORGANIZATION OF THE TELEMETER SYSTEM

42. Telemeter proposes that, during the initial stages of the development of subscription television, it will grant exclusive franchises for use of the Telemeter system in various television markets. These franchised operators will be broadcasters or affiliated with broadcasting so that they may have access to, and control over, broadcasting facilities. They will have the right to sub-franchise others, and to allow other broadcasters to use their facilities, but initially, Telemeter believes that these matters must be in the franchisees' sole control.

43. Only under these circumstances will such franchisees invest capital in home decoders, encoding equipment, programming guarantees, and all other facets required for the successful introduction of subscription television in each market. This pattern of proposed operations is already reflected in franchise agreements which have been signed for Telemeter's broadcast system, although these agreements, of course, are effectively subject to Commission action. This arrangement is, in fact, the one which has already existed in Hartford, and in Toronto. It is dictated by the total situation existing at this time.

44. On the other hand, Telemeter does not believe that the Commission should require subscription television operations to be by exclusive franchise. On the contrary, until the service has had a reasonable chance to develop, it is neither possible nor practical to attempt to mold the relationship of system proponent and franchisee into a fixed pattern. Time, experience or conditions in a particular market may indicate that a nonexclusive franchise is desirable. Moreover, while it now appears unrealistic to think of franchising anyone but a broadcaster, time and experience may indicate that the franchising of broadcasters may be too restrictive and that other entrepreneurs may be in a better position to initiate and develop subscription operations, either through appropriate arrangements with broadcasters or, in some cases, by the restricted use of channels not otherwise employed in broadcasting. For these reasons, Telemeter urges that no rules be adopted that would abridge or restrict the complete freedom of the system owner to grant exclusive or non-exclusive franchises either to broadcasters or non-broadcasters.