

line behind the senior lenders in case of defaults and thus exact higher interest rates. The cable industry "significantly understates its assets," Bubier said. "It's really cash flow financing, not traditional balance sheet financing," and thus is a strange animal to many lending institutions. Among the increasingly important considerations in First Boston's decision to lend money to a cable venturer: What is the presence of other media technologies in the market? He referred especially to over-the-air subscription or pay TV.

Generally speaking, Bubier said, First Boston would be prepared to lend 60% to 65% of budgeted construction costs for a new franchise.

T.A.'s Egan remarked that the cable industry is becoming even more manage-

ment intensive and capital intensive because of major-market building. The first approach any cable entrepreneur should consider is refinancing existing property. "As obvious as it seems," he said, "you should be certain that you have the flexibility to up-stream cash, leaving only enough cash flow in one entity to service that entity." Egan, too, spoke of mezzanine financing, saying it is a good way to avoid giving up ownership on a subordinated deal. He noted interest rates of 18% to 20% pre-tax, Egan said he thought such a subordinated debt layer was capable of taking a venturer up to 90% of his costs. Later, perhaps six or seven years out, the cable operator should be able to refinance with a senior lender.

Although most of the meeting was on

an upbeat note, serious concern was expressed over the dampening effect of the specter of retransmission consent. Kagan, calling the author of that proposal, NTIA's Henry Geller, the "communications czar," reminded the audience of the line from "Fiddler on the Roof" that goes: "God bless and keep the czar—far away from us." He said he would advise going short on cable "as long as we hear talk like that."

Moderator John Malone, president of Telecommunications Inc., Denver-based multiple system operator, closed the session with a half-joking reminder that there is another source of financing available: "Your friendly MSO who has cash and is ready to compete with the financial institutions—for an equity kicker."

NCTA's cable programming pot pourri

New offerings introduced at convention include regional sports, TV games, concerts, news and radio superstation

Next year, if not sooner, CATV subscribers will have new program choices ranging from a 24-hour service catering to those 50-and-over to NCAA sports events. And from a new assortment of games subscribers can play at home to a 24-hour radio superstation.

On and off the exhibit floor at last week's National Cable Television Association convention, new program selections were being promoted—and established ones were diversifying as well. Showtime, for example, announced the acquisition of Fanfare, a regional satellite network, meaning that subscribers who want a Showtime-Plus version also will be getting Southwest Conference sports.

Claiming the biggest advertising buy to date for cable was the new Entertainment and Sports Programming Network (ESPN), a service 85% owned by Getty Oil, which expects to be operating by satellite 12-14 hours per day in September and around the clock by the end of the first quarter of 1980. Anheuser-Busch was said to have purchased one-eighth of all the spots available in ESPN's NCAA sports (the service will have other events as well) for "a \$1 million-plus buy." That gives the brewing company a 30-second spot in each of the 1,860 NCAA hours ESPN is planning during its first year; bonus spots also are included.

From the cable operator, ESPN was asking for a five-year base commitment at \$2.40 per subscriber. ESPN said United Cable already has been locked up and it has received letters of intent from Telecommunications Inc., among others.

By the start of the convention, Cinemerica (Ken Silverman, president; Sylvester L. (Pat) Weaver, chairman of the planning board) was claiming letters of intent from systems representing 1.8 million homes for its satellite network aimed at adults over 50. Cinemerica is hoping to start up the first of the year. It too had a

per subscriber cost—five cents per month for the first year. But like others, it anticipates that national advertising will support the service. By the end of five years, Cinemerica expects to be offered free.

Some of the programming will be produced in-house, including a situation comedy and a talk show. Government and foundation funding also is being sought.

Showtime Entertainment had three announcements: the acquisition of Fanfare, a deal with Playboy Enterprises and a series of Broadway and off-Broadway plays.

With the Fanfare deal, Showtime will be picking up affiliations with 74 cable systems (45 scheduled to launch before the end of 1980). By July 1—the date Showtime is expected to take control from the venture owned by Hollywood Home Theater, Kenneth Schnitzer, MCI Productions and Pace Management—30,000 subscribers are anticipated.

Showtime subscribers wanting Fanfare's package of Southwest Conference sports will have the option of a Showtime-Plus version. This is a first move by Showtime into regional sports networking.

With Playboy Productions, Showtime is planning *Playboy's Playmate Reunion*, a 90-minute special, and had two "Playmates" on hand to publicize that announcement. The program plans include appearances "by three decades of Playmates" as well as the shooting of a pictorial (with "tasteful nudity").

Showtime also made its plans known to go ahead with about one play a month beginning with "The Robber Bridegroom," "Monteith and Rand," "Tuscaloosa's Calling Me . . . But I'm Not Going" and "Bullshot Crummond" this fall.

Home Box Office also had new programming to talk about, a new announcement about Lily Tomlin's play, "Appearing Nightly," and same-day Wimbledon tennis coverage and new offerings such as its six-part documentary series, *Time Was*, with Dick Cavett. Each 90-minute episode traces America by decades from the 1920's until the present. Still another venture is the July 8-9 showing of *The Seekers*, the

MCA TV/Universal project for Operation Prime Time TV stations which will have a pay TV premiere.

Warner Cable Corp. used a Chic/Pointer Sisters satellite transmitted concert from NCTA to promote a series of concerts for young people to be offered on its national *Nickelodeon* channel out of Qube in Columbus, Ohio.

Jerrold Electronics was promoting *Play Cable*, introducing the service that will have its field trial in October and be generally available next year. *Play Cable* allows cable subscribers to use their television set for such games as blackjack, backgammon and baseball as well as instructional play for children.

Jerrold will be providing the hardware such as head-end and adaptor equipment. The software is from Mattel, as is the adaptor. Mattel games were offered for broadcast stations as *TV Powwow* by M.A. Kempner during the National Association of Television Program Executives conference earlier this year.

United Press International said that its National Cable Newswire will be available by satellite in about three months, once decoders are ready. Through a deal with Satellite Syndicated Systems, the news service will be sent on the vertical blanking interval of RCA Satcom 1's transponder six that carries WTCG(TV) Atlanta.

On other CATV fronts, superstations WTCG and WGN-TV Chicago both had floor booths promoting their availability. The National Christian Network said it would be joining the Christian Broadcasting Network, Trinity Broadcasting Network and the PTL Club as a satellite-distributed religious service. NCN expects to be up by February 1980. Unlike other religious networks, it will not be producing its own programs, rather it said time is open to any religious group.

The convention also saw the announcement of what is expected to be "radio's first superstation." WFMT(FM) Chicago is being carried experimentally by United Video via Satcom satellite. Pending FCC approval it will go national. Plans are to transmit WFMT, a "stereo fine arts station," along with WGN-TV.

Satori Productions had disco dancers to