

said the impact of the CRT's action would be minimal—at least as far as United Video is concerned. Although WGN-TV would be dropped by a few systems, he said, most cable operators faced with dropping signals would dump signals imported from nearby cities and towns rather than any of the superstations.

The executives at Turner Broadcasting System, owner of superstation WTBS(TV) Atlanta, were not as sanguine as Bliss. TBS head Ted Turner called the CRT action a "devastating decision." Unless the CRT decision is modified or overturned, said TBS Vice President Terry McGuirk, WTBS may lose 100,000 to 200,000 viewers across the country. And, he added, WGN-TV and Eastern Microwave's WOR-TV New York could lose millions.

Both McGuire and Bliss agreed other distant signals would be dropped before any of the superstations. But Greg Liptak, executive vice president, Times Mirror Cable Television, suggested they might be overly confident in making that assumption. In some systems, programming, particularly sports, brought in by microwave from a station in a city in the same region is far more valuable to local subscribers than that brought in from Atlanta, New York or Chicago.

The superstations and some cable operators still hope they can successfully appeal the CRT action and reduce copyright fees to permit the operators to carry a full complement of distant signals.

"The real solution is to beat the CRT," said McGuirk. The Washington regulators, he said, are now sending out conflicting "public policy" signals. The FCC, under Chairman Mark Fowler, he said, is doing all it can to encourage diversity and promote the development of a fourth network. Meanwhile, he said, the CRT has undermined the FCC policy by taking an action that will force operators to drop superstations, purveyors of some of that sought-after diversity.

If the CRT increases go through, the big winners may be such cable services as Daytime, ARTS, Cable Health Network, The Weather Channel and Black Entertainment Television that compete with the superstations for channel space on local cable systems. The CRT action, said Jeffrey Reiss, president of CHN, "bodes well for the cable industry" as it "wakes up cable operators" to the other services.

The competitiveness among the different services for carriage was also underscored by Turner, who used his seat on NCPC's wrap-up panel to say: "If we are unsuccessful in overturning [the CRT decision], I hope stations other than WTBS will be dropped."

At a Western Cable Show panel session on copyright, Representative Robert Kastenmeier (D-Wis.), author of H.R. 5949, the House-passed copyright bill now awaiting Senate action, said that if legislation was passed it would force the CRT to modify the rates substantially. The bill would reimpose syndicated exclusivity to some extent, making moot one rationale the CRT used in setting the new rates—

that cable should pay for the use of programming it imports.

Carolyn Chambers, an executive vice president at Liberty Communications, Eugene, Ore., said Liberty is looking at paying \$4.50 per subscriber per year in royalty payments for a distant signal on a \$10 basic tier. Liberty is taking a long hard look, she said, at the signals it intends to keep. While 1.5% of its revenue now goes to pay for distant signals, under the new rates the figure would jump to 7%. □

## MCI hopes to link telephones with cable TV

**McGowan tells Western Show of hook-up idea he says will benefit operators, public as well as his company**

MCI Communications Corp. Chairman William G. McGowan, always determined to go one up on AT&T, last week invited the cable television industry to join MCI in that effort in a partnership he said would pay off for both. He proposed plugging the nation's cable television subscribers into MCI's long-distance telephone network—though he conceded the union is not now technically possible. "Substantial development work" remains to be done.

McGowan, in a speech at the Western Cable Show, in Anaheim, Calif. (see page 23, said the partnership is "a natural." He said cable systems would be able to reduce the cost of subscribers' long-distance bills to such a level as to make their entertainment services "irresistible." For MCI, the cable system would offer a way around the networks of local telephone companies McGowan said make it difficult for customers to reach any long-distance terminals but AT&T's.

McGowan said the company next month will begin testing the idea in a joint project with Cox Cable, in Omaha, using its institutional cable. He said the cable passes several of MCI's "large customers" and added that one—which he did not identify—will participate in the experiment.

"We believe there is a major business opportunity available to you," McGowan said, by way of introducing the subject. "By providing your customers direct access to MCI's long-distance network, you can quickly enjoy substantial revenues from an existing service with proven and enormously growing demand. This may let you achieve pay-back from your two-way plant investment more rapidly than by any other means."

And McGowan attempted to whet appetites with some numbers: Americans will be spending more than \$100 billion on long-distance calls by the end of the decade, with local telephone companies "doing their best to get as much of that money as possible—tens of billions, if

they can get away with it—for originating or terminating the long-distance traffic." He said MCI now pays the local telephone companies \$200 million a year to distribute its long-distance calls.

McGowan said MCI will launch a major public relations campaign bound to stimulate interest in cable television. He said MCI will demonstrate the potential of cable systems as a means by which customers can reach the company's network without having to go through "the uneconomic networks of the monopoly held by local phone companies."

At present, he said MCI customers "are subjected to unnecessary expense and hassle" in going through the local telephone companies' networks. He noted customers must dial 22 digits to make an MCI call and cannot use rotary phones, which constitute 62% of the market. The system he envisages, McGowan said, would permit "one-digit access, from any phone."

McGowan said MCI has agreements with a number of cable operators besides Cox to experiment with the concept. But he made it clear the concept is not yet ready for the market. Although "no new technology needs to be invented," he said, "We have found that substantial development work needs to be done." He said the cable industry and MCI must band together to develop the necessary equipment.

In Omaha, the test will involve the use of what McGowan said are "pre-production models of several very advanced products." One is a modem with a 1.5 megabit capacity, which will work in the television band but cannot perform demand assignments. As a consequence, McGowan said, the Omaha test will require use of an entire television channel. But in time, McGowan expects the development of a product that will scan for an empty channel and transmit up to 240 simultaneous voice conversations over each 6 mhz television channel.

And while the tests of the concept will involve major customers, McGowan said MCI has its eye on small business and residential customers, as well. He said MCI's aim is to reach the mass market "without the interference of the telephone companies." He said MCI is testing a single-line modem that would permit the residential user to switch his telephone's connection from the local phone company and reach the MCI network over a two-way cable system.

For cable system operators thinking of information services as a means of enticing customers to the two-way systems he predicted would be serving 40 million homes "in a few years," McGowan had a word of caution, along with a sales argument. Voice communications "is likely to be the first, and fastest," means of enabling an investment in two-way cable to pay off, he said. The market for such information services as electronic shopping and banking, remote data base access and publishing, he added, will develop slowly. "The payback... may be as long as 15 years." □