

## Affiliate superstations on the way

**SBN discloses at WCS the three network affiliates to be part of its program offering to cable systems, TVRO owners; other venturer offers Denver TV's**

Some entrepreneurial spirit, satellite communications and the copyright laws are turning nine local television stations into national television stations or, as they are known in the trade, superstations.

Two commonly owned New York-based start-up companies are putting three network affiliated stations—WABC-TV New York (ABC-owned), WBBM-TV Chicago (CBS-owned) and WXIA-TV Atlanta (NBC-affiliated)—on RCA Americom's Satcom II-R. WXIA-TV went on the air last Wednesday, and the other two stations are to follow within eight weeks.

One of the two companies, Satellite Broadcast Networks Inc., plans to sell the three signals, when scrambled, to owners of backyard earth stations for \$50 a year. The other company, PrimeTime Relay Corp., plans to sell them to cable systems. Both services will be marketed, starting in early 1987, as PrimeTime 24.

And, last week, Netlink USA, a subsidiary of Rock Associates Inc., a small MSO headquartered in Kirkland, Wash., began distributing via RCA Americom's Satcom I-R the signals of six stations: WNYW-TV New York (independent) and KUSA-TV (ABC), KMGH-TV (CBS), KCNC-TV (NBC), KRMA-TV (PBS) and KWGN-TV (independent), all Denver.

Netlink is marketing the six signals primarily to cable systems, but it is also exploring the possibility of selling them to home earth station owners.

Gorden Rock, head of the Rock Associates and the new venture, said Fox Broadcasting's WNYW-TV is being offered on a trial basis to gauge cable systems' interest in it. If the interest is sufficient, he said, WNYW-TV will be put on the air permanently.

The establishment of PrimeTime Relay to serve cable is based on the assumption that a lot of cable systems either do not receive a full complement of affiliate signals to retransmit to their subscribers or pay "a fortune" to import distant signals via microwave.

SBN's assumption is shared by Rock and Netlink. According to his initial research, Rock said at the RCA Americom booth at the Western Cable Show, 625,000 cable homes do not receive a full set of network signals, including PBS.

Rock said that pricing for the Netlink services hasn't been set. But, he said, the two independents will go for around 10 cents per subscriber, per month, while the network affiliates will sell for about 30 cents.

Under the Copyright Act of 1976, satellite carriers like PrimeTime Relay and Netlink that pick up and distribute broadcast signals to cable systems have no copyright liability. (The cable systems receiving the signals do, but, under the law, they also have a compul-

sory copyright license that covers the liability. For the license, they must pay semianual fees for each "distant signal" they import.)

Although it is clear the companies can serve cable systems without any copyright problem, it is not clear whether they can serve the home satellite market without incurring the same problems.

SBN believes it can serve the home satellite market by declaring itself a "wireless cable" system and paying fees for the compulsory license just as a cable system would. The definition of a "cable system" in the Copyright Act seems to be broad enough to include "wireless systems" that retransmit distant broadcast signals to subscribers directly via satellite, SBN says.

SBN's Ann Kirschner and the other SBN/PrimeTime Relay executives acknowledge that their stretching of the compulsory license to cover "wireless cable" could be challenged in the courts. But Kirschner said they have opinions from two Washington law firms saying SBN is on firm legal ground.

Kirschner and Rock said their companies notified the stations whose signals they were picking up and reselling the same day they

put the signals on the satellite.

James Lynagh, of Multimedia Inc. and chairman of the NBC-TV affiliates board, said the board "will be very aggressive" in opposing importation of network affiliates into local markets. "We believe we have the exclusive right to NBC programming in our market," he said, adding that the affiliate board would be "vehement in [its] opposition" to the ventures by SBN and Rock Associates. The board, he said, was giving the copyright law a close reading to determine its options.

Netlink and SBN/PrimeTime Relay are taking advantage of heavily discounted lease rates that RCA Americom has set for transponders on Satcom I-R and Satcom II-R. The current five-year offer features stepped increases in the monthly lease payments. For three or more preemptible slots, the payments grow from \$35,000 per transponder during the first year to \$70,000 in the fifth year. The payments for the protected slots go from \$40,000 to \$79,000 over the same period.

Neither Kirschner nor Rock would reveal the numbers of home satellite homes or cable systems they need to reach the break-even point. One RCA Americom executive said SBN would be in the black with 36,000 home satellite subscribers. □

## Intelsat audit leads to Colino, Alegrett firing

**U.S. Attorney is conducting criminal investigation into improprieties uncovered by outside accountants**

In the past several weeks, Richard Colino has gone from powerful director general of the International Telecommunications Satellite Organization to ex-employee, fired by the board of governors in a widening investigation of apparent financial improprieties. Fired also last week was the deputy general director for business planning and external relations, Jose L. Alegrett. Those actions do not end their problems. The U.S. Attorney for the District of Columbia is said to be conducting a criminal investigation.

Both Colino and Alegrett had submitted letters of resignation. Colino's resignation was to have been effective Jan. 2. That would have enabled him to qualify for an Intelsat pension, according to an Intelsat official. And Alegrett had sought to resign as of June 15, which would have qualified him for early retirement, the official added. But Intelsat's 28-member board, acting unanimously after discussing the issue into the evening hours of Thursday, rejected the resignations. The board is dominated in terms of voting strength by the U.S.

The board's actions were taken on the basis of a report by Intelsat's outside auditors, Peat, Marwick, Mitchell & Co., and of additional material developed by its outside counsel, Arent, Fox, Kintner, Plotkin &

Kahn. The board also established a special committee, to be headed by board chairman Tadashi Nishimoto, to oversee the continuing internal inquiry being conducted by Arent, Fox and Peat, Marwick. The board was expected to return to the issues involved in the firing of Colino and Alegrett over the weekend. Some sources expected it to lay plans for its election of a successor to Colino, sometime next year. In the meantime, deputy director general John Hampton will continue as acting director general.

Colino and Alegrett were placed on administrative leave on Nov. 24, after Peat, Marwick submitted a report that dealt primarily with a \$1.35-million payment that the auditors said was made under questionable circumstances and without proper authorization in connection with the \$60 million-\$80 million refinancing of the construction of Intelsat's new Washington headquarters. The payment was said to have been made to



Colino



Alegrett