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A special meeting of the City Council of the City of Charlotte, North Carolina, was held in the Council Chamber, City Hall, on Thursday, September 29, 1966, at 2 o'clock p.m., with Mayor Stan R. Brookshire presiding, and Councilmen Claude L. Albea, Fred D. Alexander, Sandy R. Jordan, Milton Short, John H. Thrower, Jerry Tuttle and James B. Whittington present.

ABSENT: None.

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PURPOSE OF THE MEETING.

Mayor Brookshire announced the purpose of the meeting is to hold a public hearing on the question of whether or not Community Antenna Television should be permitted to operate in the City of Charlotte. Notice of this hearing has been advertised, and the notice stipulated that "the City Council will hear from any persons interested in the question of whether such a franchise should be granted and, also, from persons interested in securing such a franchise."

Mayor Brookshire stated that specific proposals for the City of Charlotte by any person interested in securing a franchise will not be presented at this time.

PROCEDURE TO BE FOLLOWING IN THE HEARING.

Mayor Brookshire stated that the following procedure will be followed in conducting this public hearing:

Anyone speaking on the question before Council today, that is "whether or not Community Antenna Television should be permitted to operate in the City of Charlotte" will please come to the microphone and:

1. Identify himself and those, if any, for whom he is speaking.
2. State his or their position on the question.
3. State his or their experience with Community Antenna Television.
4. State his or their reasons for believing that CATV would be beneficial or detrimental, as the case may be, to the City of Charlotte and its citizens.
5. State any other factors which he or they believe to be pertinent to the question.

Those wishing to speak in favor of allowing CATV operations in the City will be heard first, and those wishing to speak against allowing CATV to operate in the City will be heard last.

REPRESENTATIVES OF COX COSMO PRESENT VIEWS ON ALLOWING COMMUNITY ANTENNA TELEVISION IN CHARLOTTE.

Mr. George Henderson, stated he is the Executive Vice-President of WSOC Radio and Television, President of the Tarheels Sports Network and Vice-President of Cox-Cosmos, a party interested in securing a CATV franchise in Charlotte. That he would like to restate something he said to Council several years ago and that is his position on CATV in Charlotte. In essence he said - as a broadcaster and manager of a complex of broadcasting stations, he feels CATV is merely an extension of broadcasting service,

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which a community is entitled to and whose citizens are certainly entitled to have the privilege of subscribing to this service. Mr. Henderson stated he has not changed his thinking and feels the same way now.

Mr. Henderson introduced the following representatives of Cox-Cosmos and other Companies present with him - Mr. Leonard Reinsch, President of Cox Broadcasting Corporation; Mr. Jim Yaeger, Vice-President of Cosmos Broadcasting and Cox-Cosmos Corporation; Mr. Freeman Jones, Director of Cox-Cosmos and, also, the Director of Sales of the WSOC TV; Mr. C. Mack Murphy, Controller of WSOC and Business Manager as well as Director of Cox-Cosmos; Mr. Earl Gluck, veteran broadcaster and Director of Cox-Cosmos, and public relations director of WSOC Radio and TV.

Mr. Henderson stated that Mr. Reinsch will speak for their interest in CATV; that Mr. Reinsch is also President of Kaiser-Cox Corporation, a major manufacturer of community antenna equipment. As president of Cox Broadcasting Corporation, he is over stations in Atlanta, Georgia - WSBM AM & TV; WHIL AM and FM TV, in Dayton, Ohio; WSOC in Charlotte; WIOD AM and FM in Miami, Florida; KTVU, a television system in San Francisco, California, WICC TV in Pittsburg, Pennsylvania; and CATV systems in many cities and many states, from Pennsylvania to California and Washington on the west coast. That he was the first member of the Broadcasting industry elected to the Board of Directors of the National Community Television Association, and served on its executive committee; he is also a member of the Board of Directors of Broadcast Music, Inc., in New York City; and a former Chairman of the United States Advisory Commission of information. He currently serves as liaison man between the National Association of Broadcasters, the Federal Communications Commission, the Congress and the National Community Television Association. He started his broadcasting career many, many years ago and has been actively engaged in Washington during his career - he started in 1944 as Radio Director of the Democratic Convention and the Franklin Delano Roosevelt - Truman Presidential campaign; he was also executive director of the National Democratic Conventions in 1956, 1960 and 1964; additionally, he directed the Kennedy-Nixon Debate in 1960; currently, he is a consultant to the Democratic National Committee; he was also advisor for broadcast affairs to the late President Kennedy when he was in office.

Mr. Reinsch stated they are real proud of their associations in Charlotte; proud of WSOC and its personnel and feel this is one of the bright spots in the corporate structure of Cox Broadcasting Corporation.

Mr. Reinsch stated currently between the Cosmos Corporation and their corporation, they have systems in 45 cities and 68,000 connections; they are a part owner of the largest CATV system in the country today in San Diego, California, and range on the west coast into Washington, Oregon and California; they have systems in Pennsylvania and Ohio, and are building systems in a number of cities; they are tied-in with many local newspapers in many of the cities. He stated they maintained a uniform position with respect to CATV from the beginning of their active participation; they were in favor long before the FCC took over the regulations of CATV, and the reason they were in favor of it - they wanted an orderly development of this business; this is a business that has tremendous opportunities of service and has to be developed in an orderly fashion; on a national basis the FCC was the logical instrument just as, on the local basis, the Council is the logical instrument for the control of CATV. He stated in some cities where they had a city permit, they forgo the possibilities of constructing a CATV system until they receive a franchise as they feel, since the public streets are involved, the city taxpayers are involved; they should operate with a franchise rather than with a city permit. He stated there is no correlation, no resemblance between Pay TV and CATV. That this is one of the highly emotional issues and confused in a national sense. As a matter of

practical operation, it would cost more than the original installation to convert a CATV system into Pay TV; that they are opposed to the philosophy of a per program charge. That you could on a much less expensive method transmit Pay TV over the air as being done in Hartford, Connecticut by UHF.

Mr. Reinsch stated the copyright problem is another emotional issue. That he spent quite some time with members of the United Artists in connection with their suit against the Fortnightly Corporation in which they were questioning the use of movies through a television station over a CATV system; that just yesterday, the House Committee, reported out of the Committee the copyright bill; that the copyright problem is on its way to being solved as a normal business problem and is of no particular concern to people who are thinking in terms of CATV on a long haul basis.

What will be provided by the CATV system is determined to a degree by the regulations set up by the FCC, and all operators come in on the same basis; it does make it possible to give a better signal in the home, and there are many, many expansions of service - in some cases, educational programs will be provided into the home through closed circuit operation of CATV. That the trend across the country is that more and more cities are going into the methods of franchising CATV systems, and generally, it is a non-exclusive franchise, and this seems to be most effective. In many cases, it provides additional revenue for the city provided the CATV system is successful. Mr. Reinsch stated there is no guarantee that the CATV system will be a profitable enterprise particularly in markets where multi-signals are available. When you franchise the System, you give the television viewer an opportunity to subscribe to this service; if they do not want this service, they continue watching the same programs they watch today, as it has no effect whatsoever on television as it is known today; it does give a better service, and in most cities the CATV systems have been successful; there are a few that are having a difficult time in succeeding because of the many signals available. That New York with its difficulty in getting a good signal in has been most successful, and they have divided the City into three divisions, and the three companies are installing at the present time through different methods a CATV system in New York City.

Mr. Reinsch stated they at Cox Broadcasting Corporation and Cosmos Broadcasting Corp. hope that Council will proceed with the adoption of an ordinance that will make it possible for them to apply for CATV.

Mr. Jim Yaeger, Vice President of Cox Cosmos Corporation and a Vice-President of the Cosmos Broadcasting Corporation, stated he appeared before Council some three years ago when their company was known as the Broadcasting Company of the South, and they originally brought the matter of CATV to Council's attention. Since that time a great deal has happened to the CATV industry; it has grown, and larger communities have adopted it as a form of building a communications service for their citizens - such cities as Toledo, Ohio, where they now own a television station, have an operating CATV system. That as a broadcaster in Toledo, Ohio, they do not fear CATV's growth expansion.

There are four points why they feel CATV is needed, not only in Charlotte, but why it is needed in any community:

- (1) It negates the need for outside antennas and rabbit ears. Antennas are subject to the most common forms of interference - such as airplanes, electrical noises, ham radios, neon signs or unusual weather conditions. Antenna damage can also be involved in causing a member of the public to receive a poor picture. Because they control their signals and receive their signals on a master antenna location and put them on coaxial cables to the homes of the public, they are able to eliminate these most common forms of interference.

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- (2) They provide optimum picture quality of all stations on a 24-hour basis. This means they provide clear focused detailed pictures of both local and distant stations; they also negate the need for the public to have their VHF sets converted so they can receive UHF because they convert the signal at the head-in or master receiving point.
- (3) They provide exceptional color reception. Color is becoming more and more the thing in television, and as it grows so will the need for CATV.
- (4) They provide an assured program diversity. In addition to providing the services of the local stations which are doing a fine job, they have the ability to bring in within the FCC rules and regulations distant signals which will supplement the current commercial television stations, and here in Charlotte, they would also plan to bring in the educational television, in addition to such services as time, weather and FM background music.

Mr. Yaeger stated they feel there is a definite need for CATV in Charlotte, and they think Council is taking the correct action in hearing both sides and hope the action will be favorable, and they will be back to apply, if this should be so, in the name of Cox-Cosmos Company.

VIEWS OF JEFFERSON-CAROLINA CORPORATION FAVORING THE ADOPTION OF AN ORDINANCE TO BRING CATV TO THE CHARLOTTE AREA PRESENTED BY MR. CHARLES CRUTCHFIELD.

Mr. Charles Crutchfield stated he is President of the Jefferson Standard Broadcasting Company in Charlotte; their company owns 50 per cent of the stock of Jefferson-Carolina Corporation which is their CATV applicant for Charlotte. That the other 50 per cent of Jefferson-Carolina is owned by the Carolina Telephone and Telegraph Company of Tarboro, North Carolina. Mr. Crutchfield stated he is a director of Jefferson-Carolina Corporation and a member of the executive committee.

That representing Jefferson-Carolina today they wish to go on record as supporting the adoption of an ordinance which will bring Community Antenna TV to the Charlotte area at the earliest possible date.

Mr. Crutchfield asked the following people to stand as he introduced them: Mr. Lacy Sellers, Vice-President and his special assistant for CATV operations; Mr. William Covington, a partner in their legal firm.

Mr. Crutchfield stated at present Jefferson-Carolina has an operating CATV system in Gastonia which has been in operation for about ten months and now has about 2,000 subscribers; it carries ten stations plus a time and weather channel. That they have ten other systems which are under construction or in the final planning stages just prior to construction. They have just announced the beginning of construction in Greensboro - 60 miles of cable will be in service in Greensboro six months from today, and then they will be adding cable at a rate of 30 miles a month. That their system in Dunn-Erwin, North Carolina, is about completed, and they expect completion in Lumberton in November of this year; that the other seven systems in this category are Bessemer City, East Gaston County - which will serve Belmont, Mt. Holly, Lowell and several other communities - Lincolnton, Rayford, Chadbourn, Whiteville, Sanford and Smithfield. That Jefferson-Carolina has secured permits for CATV in eleven other Carolina cities. These are Ayden, Clayton, Drexel, Elizabethtown, Kenly, Louisburg, Scotland Neck, Swansboro, Valdese, and Wake Forest; all with local companies which have permits in three other Carolina cities. Their firm is actively seeking authority to build systems in 69 other cities, all in North and South Carolina. Their activity is limited to the two Carolinas, the area which the two parent companies serve with telephone service and radio and television stations.

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Mr. Crutchfield stated since he was a young boy in Arkansas, it has always seemed to him that one thing symbolic of the West was the Pony Express. That he was surprised to learn the other day that this famous institution that bold and imaginative communication's venture that created so many epic stories and is, in fact, a legend of our early time - only lasted from April 3, 1860 to October 24, 1861, less than 18 months were required for this idea to serve its purpose, be outmoded by the stringing of telegraph wires coast to coast and go out of existence, leaving its promoters bankrupt. Another venture which followed somewhat the same pattern was the Erie Canal, paid for entirely by the State of New York, costing over \$7.0 million completed in 1825. This great venture in transportation and communication flourished until after the Civil War, taking over \$121.0 million dollars in tolls before the tolls were abolished in 1882. That stories such as these can be told by many, many major developments that have occurred during the history of this country. That he likes to think of this as the ceaselessness of change in our country. It is this ceaselessness of change this ability to abandon old concepts and employ new ones that has made our country the industrial giant of the world today. Into this pattern, the dire faith that befell the promoters of the Pony Express is certainly the exception rather than the rule. The Erie Canal is still in service and carrying more tonnage than it did originally. There are more horses in the country now than before the automobile was invented; phonograph records are selling by the billions in spite of radio; newspapers are probably better today because of radio and television competition. Radio is better than ever, in spite of television or, perhaps, because of it. Motion picture theaters suffered tremendously with the advent of television but now the motion picture business is destined to become bigger and better than ever. Prior to television, would anyone in this room ever have dreamed that the Sound of Music would attract capacity crowds at the Carolina Theater day after day, week after week, month after month for about a year and a half. Community antenna television is in the pattern of our changing world; it will not kill the theater business, or television or radio, or the phonograph record business; rather it will simply add to the available recreational and entertainment facilities of our exploding population and of our expanding economy.

Mr. Crutchfield stated Charlotte currently has four television stations - two VHF and two UHF. The two UHF stations are WCCB now operating on Channel 36 but moving to Channel 18, and WTVI, the educational station operated on Channel 42 by the Charlotte-Mecklenburg School Board. Soon there will be a third UHF station in Charlotte area - Dr. Harold Twisdale, President of the Charlotte Telecasters, Inc., has applied for Channel 36; this application has been granted and before too much longer Charlotte can claim five operating television broadcasting stations. Operating a UHF station is difficult, particularly in a city where you are faced with two VHF stations. With the passage of time, UHF circulation will build through all channel receivers enormous CATV bonus circulation set conversion and related efforts, so that ultimately their success is assured. During this build up period, the VHF stations carry most of the network programming with the UHF stations picking up, more or less, what is left over; the rest of the UHF stations programming will have to come from sources other than a network, such as movies, 30-minute syndicated films, and other film and tape programs offered by independent program suppliers.

If a Charlotte CATV system were to import distant signals such as those from the big city independence like WGNTV in Chicago, or WORTV in New York, it follows that these huge metropolitan stations have the resources to bid for and get the most expensive and most attractive non-network programming available; as a practical matter, Mr. Bahakel and Doctor Twisdale as local licensees, local businessmen, local taxpayers will have to compete for audiences with the real giants of the industry, not just the large VHF stations in Charlotte.

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They believe that any advantage gained by bringing in these big city independence to provide additional program choice is far outweighed by the devastating effect upon a local UHF station struggling to achieve success. The FCC recognized the inherent danger of such distant signal importation when it put in a rule that such signals could not be brought into a city unless the necessary waivers were secured from Washington. Mr. Crutchfield stated to the best of his knowledge no such waiver has ever been granted to date by the Commission faced with an objection from a local station. So if anyone promises more program channels than those normally allowed by the rules, such as Chicago, Atlanta and New York, they are, in his opinion, promising something they have no legal chance of delivering. Even if they did, he thinks this Council should certainly give serious consideration to the damage done to some of Charlotte's own stations, particularly the smaller UHF stations. These local stations U and V are the ones that serve as an outlet for local self expression; they are the ones that present local discussions, local ministers and educators, the local political candidates; if these local outlets had to close their doors because of outside, far distant unnatural competition being brought in, then clearly the intent of the FCC is violated, and Charlotte has sacrificed some of itself for the sake of outside interest.

VIEWS OF TELEVISION TRANSMISSION COMPANY OF NORTH CAROLINA FAVORING CATV
PRESENTED BY MR. FAISON BARNES.

Mr. Faison Barnes, Attorney, stated that he and Mr. Myles Haynes are here today representing Television Transmission Company of North Carolina, Inc. That this is a North Carolina corporation; it is not an offshoot corporation, nor is it the parent or subsidiary of any other corporation. This corporation was organized in 1965 for the sole and express purpose of serving the City of Charlotte and County of Mecklenburg; and this corporation has no intention of serving any other area. The corporation is backed financially by International Telephone and Telegraph Company, which is listed in this year's Fortune Directory of the 500 largest businesses and is number 30. He stated that Television Transmission Company of North Carolina, Inc. is in favor of cable or community antenna television in Charlotte.

Mr. Barnes stated the Vice-President of the Company is Mr. Victor Lespinasse. That Mr. Lespinasse appeared before this Council on a previous occasion in favor of CATV in this city. That he is one of the pioneers in the CATV industry. He first became involved in it in 1951, and he still has an interest in the fourth CATV Company to be established in this country, and that company is the Television Transmission Company and is an Illinois Company, and there is no other connection between the two corporations. In addition to having pioneered in the field, he has served as consultant for a great many of the new CATV systems installed throughout the country.

Mr. Barnes stated the men who have preceded him at the microphone have outlined a great many advantages of community antenna television; the advantages which would accrue to the citizenry of Charlotte; that they are experts in this field. That this is not simply a matter of having another tall antenna on top of one's house; this community antenna television proposed to offer to the citizens of this city some of the same advantages that are enjoyed by a good many smaller cities in the two Carolinas. There are now eight operating systems in this State, one of the earliest being Wilmington. That systems have been franchised or permits issued in numerous other cities including Asheville and Greensboro. That these people enjoy some benefits that we do not now have in the City of Charlotte. In addition to having clearer and brighter pictures, they have a greater selection than would be afforded if they did not have such system in their cities. The CATV system import into those areas a distant signal.

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Mr. Barnes stated they are not here to make a specific proposal as they have been specifically delimited in that regard. At such time they are invited to do so, they will be happy to make a proposal.

Mr. Barnes stated as he understands any all-channel television set has 86 channels. That nobody in the foreseeable future can propose to operate all 86 channels, but this is the ultimate potential of a television set. For a television set to deliver what it delivers today is roughly comparable to using a steam shovel for a job that a spoon might do. He understands that it is not now economically or physically feasible to use all 86 of the channels by the use of the airways. These signals that are put out by the various television stations vary in strength as they reach certain caliber and they begin to run into each other and begin to interfere, and for that reason where there is more than one television station, they separate the channels - you do not have Channels 1, 2, 3, 4, and 5 all on the same band in cities where you have five television stations - they separate them. With the installation of a CATV system and by the use of a coaxial cable a system is built into a community whereby the full potential of a television set might be realized. This cable that might initially carry only five stations could without the addition of any other equipment as far as that cable is concerned transmit 86 separate channels. That the technical people will say a great deal more equipment would have to be added to do that, and, of course, that is true, and it is not possible to obtain that much material under present circumstances, and it is impossible under the FCC rules to go outside a certain area to import signals. But this means to him that we would have in this community a system that would be capable of delivering the full ultimate possibilities of television. If we had that many channels, then the full ultimate potentials might one day be realized.

Mr. Barnes stated the Television Transmission Company makes a good many specific proposals about what it would do. They would expect to furnish a full-time news service; there would be an alarm system for the City of Charlotte; there would result some incidental beautification of the city by gradual elimination of the need for unsightly roof top antennas; the alarm system would be available - in the event of an emergency to the Mayor, Police Chief, Fire, Civil Defense and other authorities to alert all citizens viewing CATV.

He stated that TTC is now in operation in Mecklenburg County; it has a facility on Lawyers Road and is now serving just a few residents in the area of Lawyers Road and Margaret Wallace Road. This is the initial action of the Company in its preparation for offering extensive T. V. service, hopefully, to the 15,000 homes which comprise the Charlotte suburban area; there are numerous arrangements which have to be made before this is possible; it is the full intention of this Company to offer this service to residents of this County, outside the City, and, if this Council is willing, they hope to offer the service within the City. They believe the function of the Council in regard to this is what will best serve the interest of the people of the City of Charlotte, without regard to what corporate interests are involved; they believe that the public interest is definitely affected by the transmission of television pictures as the American people would spend a lot more time at this if they had more selection to choose from; it is possible that a community antenna television system can yield substantial revenue to the City of Charlotte. They have no specific proposals to make today and he does not want what he has to say to be construed as an offer but they feel that with reasonable aggressiveness a city-wide system could possibly yield to this city over a period of ten years as much as a million dollars.

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DISCUSSION OF THE PROPONENTS STATEMENTS AND VIEWS.

Councilman Thrower asked how many T. V. sets are in Charlotte and what per cent of these sets would convert to CATV? Mr. Crutchfield replied there are about 72,000 sets within the corporate city limits of Charlotte, and they would be very happy to have 30 per cent of that number to convert. That the national average is 30 per cent to 40 per cent.

Councilman Tuttle stated that Mr. Barnes emphasized the fact that the company he represents is a local North Carolina corporation and has no subsidiaries he asked exactly what he means in view of his statement they are being backed by I.T.T? Mr. Barnes replied they have a letter from International Telephone and Telegraph Company which they will present to Council which outlines in full details the extent of their backing; they are not stockholders; they offer full financial resources for the construction and operation to the community television system in Charlotte and Mecklenburg County to the extent necessary to support this operation until it is self supporting.

Councilman Jordan stated that New York City is divided into three systems, he asked if this is three different T. V. systems? Mr. Reinsch replied they are three different companies; that New York City held extensive hearings, and a number of companies presented a request for the franchise, and it was decided in view of the size of New York City and the qualifications of the applicants it would be divided into three divisions with geographic divisions; they took the map of the city and split it three ways.

Councilman Jordan asked about the ratio of other cities in the country that might be divided in this way? Mr. Reinsch replied it would depend on the size of the city and the potential number of homes. They feel that the economic way to operate it and to provide the services the city is entitled to should be a minimum of 5,000 homes; that there has been some discussion in the larger cities about following New York's system.

Councilman Short asked if the arrangements Television Transmission Company has with the State of North Carolina is of such character that it would either be exclusive, or would in any way minimize the opportunity for other applicants to obtain a similar arrangement in Mecklenburg County, in the non-municipal areas? Mr. Barnes replied he has not read the agreement and has not studied it, so he cannot give a competent legal opinion, but it is his impression that it not exclusive and would not prevent others from obtaining similar arrangements.

Councilman Whittington asked who drew the boundary lines for the three companies to operate in New York City? Mr. Reinsch replied the City Council arbitrarily drew the lines, and the operations are on a franchise basis.

Councilman Alexander asked if the three companies beam the same programs, or do they have different programs? Mr. Reinsch replied they beam the same programs into the system; it is just that they operate their own cables or have leases from the New York Telephone Company for cable service. Councilman Alexander asked if all three companies would be beaming "Batman" at the same time, and Mr. Reinsch replied that is right.

Councilman Tuttle asked Mr. Reinsch if the boundaries in New York have ever been challenged? Mr. Reinsch replied the people appearing before Council requesting the franchises accepted the division of the city and, in view of the tremendous size of New York and the tremendous investment required to put in the cable or micro-wave, it was agreeable to these companies. Councilman Tuttle asked if the lines were drawn on a geometrical basis or on the assumption that this section and this should include so many dwellings? Mr. Reinsch replied it was an arbitrary division; they tried to do it fairly equally, and each company figures it got a break on it.

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Mayor Brookshire asked if there is a definite pattern or trend among the cities who have adopted CATV to either franchise operations or license operations? Mr. Reinsch replied franchise because it gives the city better control; that these terms are used rather loosely as quite often they talk about a license, and they have a franchise; in one case, they had a business permit and were advised by the State this was all that was required, but they went to the city and suggested they hold hearings because they felt that a franchise was much more orderly.

Mayor Brookshire asked if he could give any figures or list of those who have franchises as against those that have been given licenses or permits? Mr. Reinsch replied he would think the last would be a very small percentage.

Councilman Alexander asked if the division of New York into three areas was done because it was determined that it would not be profitable if it were divided into more? Mr. Reinsch replied they felt that they had three worthwhile applicants who were financially stable and knew New York City sufficiently well to provide the service, and the additional applicants were not of sufficient stature to grant a franchise in a large city.

Mayor Brookshire asked if making an assignment on geographic basis under permit, not license, would be tantamount to a license? Mr. Reinsch replied that a license from a city should spell out certain protections the city would like with respect to the streets and where the cable should go and certain other specifications, so whether it is called a franchise or a license or a permit does not make too much difference as long as there are certain protections in it for the CATV operator to get into business.

Mayor Brookshire asked if the potential in Charlotte would justify the geographic division between two or more operating companies? Mr. Reinsch replied he has not studied the financial aspects well enough to answer that correctly; that he would have to have the figures before he could give a good answer, and he would try to do that if the Mayor would like. Mayor Brookshire replied he would like to have that information; that Council will make no decision this afternoon and any additional information would be most helpful.

Councilman Thrower asked in the event that he would subscribe to CATV, and a cable was run to his house, and he wanted to operate more than one set, is there an additional fee? Mr. Reinsch replied there is generally a charge of \$1.00 for the additional set - in some cases, 50 cents; in other cases, \$2.00 - but the general practice across the country is \$1.00 for each additional set in the home.

Councilman Tuttle asked, in view of the fact that we are going to ask Mr. Reinsch to give Council his thoughts on dividing the city, that Mr. Crutchfield and Mr. Barnes be invited to do the same. Mayor Brookshire stated every contender is invited to submit any additional information to Council that they might wish.

Mayor Brookshire asked how much interest the City would have if City Council adopted an ordinance that would permit the city to grant permits or licenses rather than franchises, how much interest the City could expect? Mr. Barnes replied they would be interested. Mr. Crutchfield asked if this would be permit rather than franchise, and the Mayor replied yes. Mr. Crutchfield asked if this would be for three operators in the city, and Mayor Brookshire replied for as many as wanted to come in with or without geographic assignment. Mr. Crutchfield stated they would be interested without geographic assignment. Mr. Reinsch replied they are interested in CATV for Charlotte.

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Mr. Barnes stated they too are interested in the people of the City of Charlotte. They think if you have CATV without geographic assignment and have more than one operating company, that you would have no CATV.

Councilman Short asked for what period of time these arrangements, such as the one in New York City, would continue, or if the three holders of the three franchises there are faced with some situation where the franchises will run out and the whole city will be wide open? Mr. Reinsch replied, no it is a matter of economics; generally, the franchise or the permit will run ten, twenty or thirty years; that it becomes a matter of business judgment on the part of the CATV operator to calculate against the length of time the permit runs, against the amount of investment required by them in return.

Councilman Albea stated they say franchise one time and permit another, which do they mean? Mr. Reinsch replied he uses this rather loosely as he has attended a number of hearings and has come away confused as to what is what, so he uses them all to cover every phase of it. Councilman Albea asked which do they have in New York, a franchise or a permit? Mr. Reinsch replied they have a franchise.

Mr. Barnes stated this may be cleared up in a case that is pending in the Supreme Court of North Carolina concerning CATV in Asheville. The City of Asheville granted a license-lease and there are those who are not on the same side as the City of Asheville and cable television who say it was actually granting a franchise which is illegal under the charter of the City of Asheville. That he thinks there is a definite distinction between the two.

Councilman Alexander asked Mr. Barnes if he understood him to say that on open permits he would not feel that cable T. V. would prove profitable for more than one concern, or that he is not interested? Mr. Barnes replied he does not have any authority to speak on this particular subject, and he expressed a personal point of view. That his personal point of view is if you have open permits and everybody calls on the same subscriber that the practical effect would be to eliminate CATV in the City of Charlotte.

Mr. Reinsch stated the telephone company has generally adopted the rule they will put on cable, and then they will put on one additional hook up where you string your own cable and rent the pole. The problem would come in when three companies with cables had them strung down the same street, and selling the same service; they are not doing anybody any good including themselves. If one is wiring one side of the city and another the other side, you do not have that head-on conflict with the same customers.

Councilman Tuttle asked Mr. Barnes if the Company he is representing in the county is not wide open to any competition? Mr. Barnes replied from a practical point of view competition is possible; they have been advised that it has been the policy of Southern Bell Telephone Company to grant only one pole line attachment agreement; they have one in the county, and assuming they stand by that agreement and assuming that someone does not use the telephone company's own line, then that might have the practical effect being exclusive, but there is nothing legally exclusive about it.

OPPOSITION EXPRESSED TO CATV IN THE CITY OF CHARLOTTE.

Mr. Roy Smart stated he represents Wilbur-Kinsey Theaters who operate three theaters in Charlotte - the Carolina, Park Terrace and Dilworth. Their position in this matter depends on how and what kind of CATV is permitted. Their conviction is there is serious doubts that it is to the interest of all of us in the City of Charlotte - the residents of Charlotte, the business

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people of Charlotte including the motion picture theater industry - to grant a license which does not restrict the use of CATV in some very definite way; it is their opinion that the easiest way to get into pay TV in its various forms is through a network of cable thrown around the town and already in existence. Their belief is that it is pay TV to start with; that you pay \$5.00 a month to get it. That he does not intend to debate those different points about what all should be done about it as it may not relate to it. That if it is as good as the implications have indicated he is not sure but that he should appear on their side.

Mr. Smart stated he does think there should be a limitation in the ordinance to read something as follows:

"The grantee shall receive and distribute only television and radio signals which are disseminated by FCC licensed broadcasting stations, except that grantee shall have the right to originate signals conveying weather and time information only to its subscribers for which no special charge shall be made."

Mr. Harry Pickett with Stuart and Everett Theaters stated they operate the Capri and Village Theaters in Charlotte; that he also represents the Theater Owners of North and South Carolina, Inc., of which all the theaters in Charlotte are members. That he would like to reiterate what Mr. Smart has said. They naturally are opposed to anything which competes for the leisure time of the public because they are in the business of entertaining the public and they want to get them to the theaters. However, if pay T. V. is in the interest of the people of Charlotte, they would not oppose it; they do feel there should be a restrictive clause that this cannot be used in any fashion for pay T. V. Contrary to what Mr. Reinsch has said, it is possible that a scrambler could be put on a set which would limit them to being able to collect some kind of fee once that coaxial cable is installed in the home; they also feel if a license, franchise or permit is granted that the City of Charlotte should have an equitable license basis of a flat guarantee against a percentage of the revenue. They further feel that there should be a limit as to the time element in which the recipient of that license would have to be in service. That it is possible that you grant a franchise to someone, and they sit on it for a year, two years or three years, pending more widely acceptance of a pay T. V. system similar to that now in Hartford, Connecticut. As far as the experience goes, his company has had experience in Wilmington, North Carolina, where a cable antenna system has been in existence, and it has affected theater business as well as business in all downtown areas, all retail areas of Wilmington at times, because of the programs that were made available. That Mr. Reinsch said it was questionable whether these systems would be economically sound, but they certainly are brave men to go out and apply for hundreds of antenna systems without knowing whether or not they will be financially successful.

Councilman Whittington asked Mr. Pickett to state for the record more information about the way CATV has hurt business in Wilmington. Mr. Pickett replied from the fact that there are more programs available; that Wilmington has two stations - and when they bring in these other stations, they give a diversification of programs. You miss a program one day and maybe another station is syndicating that same program, and they stay home and watch it. It has the effect of keeping these people at home rather than putting them into circulation.

Dr. Harold Twisdale, President of Charlotte Telecaster, Inc., stated they hope in the very near future to take over into actual operation Channel 36 with the call letters of WCTU TV. That as the president he represents 39 stockholders most of whom live right here in Charlotte. That he is interested

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in Charlotte. That they came to Charlotte in other businesses and got into television after being citizens. He stated they are located on Hood Road, and presently the studios, offices and transmission building are in the progress of being constructed. They think they have for Charlotte one of the largest organizations as far as television is concerned. Their transmitter will be transmitting in an excess of one million watts and their tower will be 1403 1/2 feet above ground; this is 2,439 feet above the mean sea level. They feel that are going to put a competitive television station here and will be putting it with their emphasis on our home city - Charlotte.

Doctor Twisdale stated he has read the notes by Mr. Kiser, and he covered the area quite well; but he is quite concerned about some of the points that, in his opinion, were omitted. That it boils down to in the City of Charlotte whether CATV is needed; and he thinks this is the first consideration. In the past and in the present, T. V. is generally decided on whether it is needed because of two reasons - one is a limited amount of programming; in other words, a limited amount of television stations; that they are speaking about one television station or two stations giving a city grade of television over the area concerned. Another is whether it would improve the reception of the areas concerned regardless of how many television stations. Doctor Twisdale stated he thinks he can cover these points very thoroughly in that we do not need either. That we presently have two VHF stations and one UHF station which are three commercial stations covering the city grade in the City of Charlotte; we also have an educational station which covers the city grade, which makes four stations; that he intends to come on the air the first of the year which will give five stations, and this might be news but there is a sixth station - the University of North Carolina is going to be programming out of a Concord allocation their regional television programming, which will give us a sixth station with a city grade before the end of 1967 is up.

Doctor Twisdale stated he cannot see how we can have a limited amount of programming when we have two educational stations and four commercial stations beaming primarily to the City of Charlotte. That with a 1403 feet tower and with a million watts, he is not concerned the least bit with improving the quality of their programs; that they already know what the quality of the programming of the "V" is, and it seems to be well covered; they know that the other UHF station is moving to a facility of about the same technical ability, and also UHF has a tendency to put out a better quality color picture with less interference than VHF; their station will reach to the other side of High Point and Winston-Salem, and they are proud of the fact that they will have the power to be competitive. Doctor Twisdale stated there is talk about the fourth network which is suppose to come in the future, and they believe it will come soon; but even with the fourth network, we will still have enough facilities to cover every degree of programming that can be available to Charlotte by network, syndicated film or by local studio live transmission; we have no problem giving a variety of complete programming; in fact, the problem is finding the programming in a lot of cases. Every movie, up until the very recent ones that have been filmed, has been shown in Charlotte already by the two T. V. stations that are here.

That back in March a survey was made that showed that 44 per cent of Charlotte is already covered by UHF saturation; and it is estimated far beyond 50 per cent now, and by the time a CATV system could be built in the City of Charlotte, they would already have near 100 percent saturation. That he cannot see where it could do them any good right there. There is no secret what CATV is all about; it can be boiled up, thrown around and twisted and say anything you want to; but it comes right back to Pay television. If you pay for something, it's pay; if it is free, it's free; and they are interested in giving free television and do not want to upset the free television; they do not want the birth of CATV to be the death of free television.

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Doctor Twisdale stated they had to go before the FCC and had to prove certain responsibilities from financial, moral and so forth. That they went with the idea that this Council had decided that it was not of the public interest to have CATV, had decided not to bring CATV into the City of Charlotte. So they had to go through a great deal of legal qualifications to get to the point to have Charlotte with the first locally owned communication outlet in the City of Charlotte with the exception of the Henderson Belk radio station; this includes newspapers, T. V., radio and any other form of magazine or communications. That they are local people and will be here whether television comes, goes or stays. That they went to a great deal of trouble to buy very expensive equipment totaling well over a million dollars, which is already on order waiting for final shipment; they had to go through the problem of building a tremendously expensive facility; they are in the process of going into the problem of getting programs because they will be independent when they come on the air.

Doctor Twisdale stated that one color camera cost in the neighborhood of \$75,000. That he went to the National CATV Convention in July, and they spent about a week there, looking into the fact of what CATV is all about; that the biggest surprise he got was not how to put CATV on and the mechanical and technical abilities, but the whole thing was program origination. That as he has said, they pay \$75,000 for a color camera; a CATV outfit can take an \$8,000 camera, or less, and transmit the color, transmit every quality that they have. So they can take equipment that cost \$5,000 and do the same thing that it would probably take a million dollars worth of equipment plus the cost of originating the program. In a lot of cases they take our program and sell it. That not only are they happy to but they are required by the FCC to follow certain procedures and practices which are in the public interest in the City of Charlotte. But there is not yet the same regulation on CATV. That most people interested in CATV would immediately say that CATV is not pay T. V.; they get into specifics and say this is when the program comes on and you pay so much to see the program; but it is pay T. V.; there is no way of getting around it; it is absolutely pay T. V. That the essential part is that the system is set up and the argument might be to a degree, but it is over a degree now - \$5.00 to bring somebody else's signal in. That is like a 5 cent loaf of bread, it is not going to stay that way; at the same time, it gives a crippling effect on free television; everybody cannot afford CATV. If it cripples a good free system, then it hurts the people who cannot afford it.

Doctor Twisdale stated they are completely, absolutely against CATV coming to Charlotte. That in case his plea is not suitable with Council, and they do issue the right for applications of a franchise, he asks that they might be given the opportunity to review it at that time because there is a great possibility that in a concern of self protection and in the public interest that they might be in a position to apply themselves; that he does not want this to be confused with the idea that they are for it, but that there are changes; and if this comes to pass, they would like to reserve the opportunity to, at that time, review it with the Council. That he thinks what they are concerned with is whether this would be an exclusive or non-exclusive franchise or license. If it is put on a non-exclusive basis, then the telephone and power company becomes the deciding agent for the franchise in reality. That it has been his understanding there has been but one pole attachment agreement. That if this is true, he does not think it is fair to the citizens of our city, and he thinks it would be best if a franchise is granted, that it be an exclusive one from the City Council.

Doctor Twisdale stated they, Charlotte Telecasters, Inc., are against CATV; it is a burden; it will be a hardship, and it will jeopardize free T. V.; they do not think it is needed; they do not think it is in the public interest, and they sincerely hope the Council takes the same viewpoint they took two or three years ago. If this avenue changes, he would like to

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suggest that this matter be brought before the people of the City of Charlotte in a special election for them to decide who would be granted the franchise for such; that this election could be paid for by the people who apply.

CY N. BAHAKEL, FORMER OPPONENT, SPEAKS IN FAVOR OF CATV.

Mr. Cy N. Bahakel, local resident of Charlotte and owner of Channel 36 soon to become 18, stated it has been their position heretofore that they were opposed to CATV, but he would like to give Council benefit of their study and thinking and conclusion they have reached just before this session. That they are very much impressed by Council's thoughtful and deliberate and objective way of approaching this problem.

Mr. Bahakel stated they felt that CATV was not needed some two years ago in Charlotte; they were a new station then operating on programs with a seven day cancellation privilege, and since then their position with the networks have been enhanced and strengthened greatly; they have been granted and have just concluded the construction of a facility in excess of 1.0 million watts to operate on Channel 18; they are to begin testing in just a few days and expect to be on the air no later than October 15; they will be for Charlotte one of the strongest telecasting stations in the United States; they plan to increase their tower height some 2,000 feet with 5.0 million watts of power. That their position has so dramatically changed in the past two years in view of the support they have received in Charlotte that their position is that they are not opposed to granting of CATV. That their experience as broadcasting station operators these past 18 years and their experience as television operators throughout the south and midwest and their experience with CATV operators has been on a high level, and they find them to be outstanding gentlemen, many of whom are broadcasters, and they now feel that as experienced television operators, operating a number of television stations, that UHF television can be enhanced by the granting of CATV; that they have found here in Charlotte a number of good citizens who have television sets who have difficulty now and then with their receivers and antennas.

Mr. Bahakel stated that it would be objective on the part of the Council to look to two particular problems that might arise. One would involve the granting of the origination of local live programs to which they would object; they have no objection to community antenna, as they think cable operating by any of these companies would be an asset to the City and to their company; they do not feel that either company should be franchised or permitted to originate local programs; secondly, they do not believe it to be of the interest of his company, which is locally owned and 100 percent locally operated, to have distance signals beyond the Grade B contour to be imported into the City of Charlotte. To do so would place an unnatural competitive position locally and nationally. That he respectfully asks Council to consider these two requests in any franchise or permit that it grants. That there be no importation of any signal beyond the Grade B contours to compete with local programs and that they not originate local programs or to become, in effect, a broadcasting station.

That the Federal Communication Commission wrestled for many, many months and years with the problem of whether to deal with CATV, and it was their long considered view that it would not be in the interest of free television to permit importation of distance signals; hence, their rule, which is now in effect, that there can be no signal brought in from outside Charlotte station B contours without a hearing, or a special waiver. That they believe in the end CATV will benefit the City of Charlotte, and if the community desires additional service, that this be granted. That the Commission has already protected them beyond their expectations since he first appeared before Council; that they have passed a ruling saying that any network or local program originated by stations must be protected or not duplicated

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by CATV - so if they are carrying the Virginian in color on a given night, the CATV may not by federal rule import that same program to compete with them. That the circumstances have changed, and if it is the wish of this Council and this community for CATV, it will receive their backing and endorsement with the qualifications that these normal protective features be included.

Councilman Albea stated if the people are not allowed to import these programs, and they cannot originate locally, where will they get their programs? Mr. Bahakel stated their programs would be such that appear in the B contours or the good quality contours of the existing stations. For example, if station in Greensboro put a B signal or a viewable signal into Charlotte, they would be permitted then to come on to the cable, but stations outside that area or so-called foreign stations, whose signals do not normally come into Charlotte, would not be permitted to come to Charlotte.

Councilman Short stated that Mr. Crutchfield mentioned that the greater selectivity that seems to occur with CATV might keep out of Charlotte what he describes as the real giants which could actually force out the "U" stations; he asked Mr. Bahakel if he agrees with this comment? Mr. Bahakel replied he wholeheartedly concurs in what Mr. Crutchfield has said, and he believes his judgment would be the judgment of most objective, learned UHF television operators.

GENERAL DISCUSSION OF PROS AND CONS OF CATV TOGETHER WITH SOUTHERN BELL TELEPHONE AND TELEGRAPH POLICIES RELATING TO USE OF THEIR EQUIPMENT.

Councilman Tuttle stated the problem before Council today as he sees it is whether community antenna television should be permitted and whether it is feasible to permit it for those people who want not, and not whether or not it is needed, as it is not up to him to tell the people what they need.

Doctor Twisdale replied what he meant by whether it is needed if it comes at the cost of free television, then it is not needed.

Mr. Crutchfield stated that Doctor Twisdale's remarks worry him as he talks about all the negatives with respect to CATV and UHF; he stated that he would like to put on record a Special Analysis by the American Research Bureau under the direction of John F. Wade, Director of Research for the Triangle Stations in Philadelphia. That the main part is the summary of findings of special analysis of Binghamton, New York. Television Audience estimated March, 1966 - that the presence of CATV served by UHF television does increase the viewing to the UHF station in significant amounts. In Binghamton the study showed: (1) there was an 83.5 percent increase in total UHF viewing in CATV homes when compared to non-CATV homes, and (2) individual UHF stations showed net weekly circulation gains of 24.5 per cent and 65.7 per cent in CATV homes when compared with non-CATV homes. Mr. Crutchfield stated it seems to him with Mr. Bahakel's remark, plus this document, that this more or less nullifies the Doctor's comments.

Mr. Crutchfield remarked that Mr. Barnes has stated that his company had a hearing in November, 1963, and that they have been active in the field ever since. He asked if it is proper for him to ask Mr. Barnes since they have been active since 1963 why in September, 1966, they only have seven home connections. Mayor Brookshire replied this would not fall within the guide lines.

Mr. Crutchfield stated that Mr. Pickett proposed that the CATV operator should be required to pay a percentage of gross to the City, he asked if he would propose the same percentage of gross for the theater business in the City, and the Mayor advised that question is also out of order.

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Mr. Myles Haynes stated if the rules permitted, he might ask Mr. Crutchfield why his position has changed from three years ago when he said he would not be interested in cable television. That in behalf of the opponents of cable T. V., and since one of the opponents has spoken specifically of the situation in Wilmington, North Carolina, he would like to add to the record a copy of a letter which the Mayor wrote to the operators of the Cable television in Wilmington:

"Dear Mr. Waters:

It is a pleasure to advise you that your Company has been instrumental in bringing in four (4) outside TV stations to our area. It is my opinion that you have rendered a great service to our City, and in addition you have created good, stable employment for our City and area. The cooperation the City has received from you and your organization has been highly satisfactory, and we deeply appreciate the many contributions you have made to our City.

With all good wishes,

Sincerely,

O. C. Allsbrook, Mayor
City of Wilmington"

Councilman Whittington asked the representative of Southern Bell Telephone and Telegraph Company to state for the record what position the Company would be in or what procedure they would take under the State Utilities law if the Council were to grant three non-exclusive franchises in the City of Charlotte.

Mr. George S. Machelfresh, with Southern Bell Telephone and Telegraph Company, stated that the Telephone Company's policy really involves two policies. Under a tariff offering that is filed with the North Carolina Utilities Commission, the Company will install cable associated with a qualified CATV operator, and that facility is required to distribute the signal from the antenna site to the customers premises; the tariff is a public offering; and, therefore, under the tariff any operator who qualifies may apply for the tariff. The second portion of the policy involves a pole attachment agreement; under the terms of this agreement with Southern Bell Telephone Company, if a CATV operator makes application for a pole attachment agreement, that pole attachment agreement, assuming that he is a qualified operator, is granted to one individual to serve a designated area.

Mr. Machelfresh stated that the tariff and pole attachment has been construed and misconstrued as much as anyone item; essentially it boils down to this - under the tariff any qualified operator may apply, and he may elect to serve the same section under the attachment agreement, only one is granted. In a multiple area, because of this option and based on what he has said, an operator could go into either direction. He could elect to go to the tariff in which they would place the facility or he could go to the pole attachment.

Councilman Alexander asked if under the tariff several applicants can apply and be granted the privilege for the same area, and under the pole attachment agreement several applicants apply and only one will be granted? That the first one who applies is granted the pole attachment agreement? Mr. Machelfresh replied, assuming he qualifies.

Councilman Jordan asked if three franchises were granted, could all three be.....

Mr. Machelfresh stated on the basis that Charlotte was not divided into areas, there would be one pole attachment agreement in Charlotte, and there could be any number of tariff applicants; that the tariff is a public offering so, therefore, they would have to make that offering available to all qualified operators.

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Mayor Brookshire asked if this means they would furnish the cable and such line equipment for as many as applied if they were qualified; as to which Company secured the most contracts would depend entirely upon the competition between the companies? Mr. Machelfresh replied it boils down to basic economics.

Mr. Machelfresh stated with geographic consideration, the same principle would apply broken down into the segments.

Councilman Tuttle asked in the situation in the outlaying area where one operator referred to the fact that they already had the line, does this mean that one of the other companies could apply, and they would be served under the tariff? Mr. Machelfresh replied yes in the same area. Councilman Tuttle stated then really there is no monopoly in so far as the telephone company is concerned, that anybody can be served one way or the other? Mr. Machelfresh replied that is very correct; the Telephone Company is not in the CATV business; they provide the conveyance.

Councilman Tuttle asked if the pole attachment agreement or the tariff agreement is cheaper? Mr. Machelfresh replied there are advantages on both sides; one of the controlling factors is the size of the town. Councilman Tuttle stated, assuming there are three approved applicants, who would get the poles first if that were the better way? Mr. Machelfresh replied they would consider the applicants as received, keeping in mind the qualification angle.

Councilman Short stated if two franchises were simultaneously granted, it could literally evolve into a race between this room and the Telephone Company for that pole attachment agreement? Mr. Machelfresh replied, yes.

Councilman Alexander asked what happens on annexation if a city agreement has been developed and a Company is operating under a tariff agreement in the County? Mr. Kiser, City Attorney, replied that he thinks that is outside the scope of the hearing and should be left until later.

Mayor Brookshire asked Mr. Sloan of Duke Power Company to state Duke's interest in selling pole assignments or any other transmission service. Mr. Sloan replied he is not qualified to answer that question because all their attachments heretofore have been with the Telephone Company or an individual, like a Mill Village, and they do not use their circuits. That probably if the City granted it to three areas, then they probably would sell it to three people.

Mr. George Henderson stated he has a comprehensive article for Council concerning cable TV and also a written statement of position of Cox Broadcasting Company on the matter.

Mr. Myles Haynes, stated keeping with the guide lines which the City Attorney handed out, they advised their people they would not have an opportunity to hand out anything this afternoon.

Mayor Brookshire stated he would like to give him the opportunity to put into the hands of Council anything that he might have that would help clear up some of these questions.

Mayor Brookshire expressed his appreciation for all those who were present and for those who participated in the public hearing; he stated he is sure Council has received some answers to questions they had, and he cannot tell when action will be taken on the matter, but they will consider all the information given this afternoon in their further deliberations.

ADJOURNMENT.

Upon motion of Councilman Thrower, seconded by Councilman Alba and unanimously carried, the meeting was adjourned.

Ruth Armstrong
Ruth Armstrong, City Clerk