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Volume II

P U B L I C H E A R I N G

on

Assembly Bill No. 2139
(Regulation of Community Antenna Television)

before

ASSEMBLY COMMITTEE ON TRANSPORTATION AND PUBLIC
UTILITIES

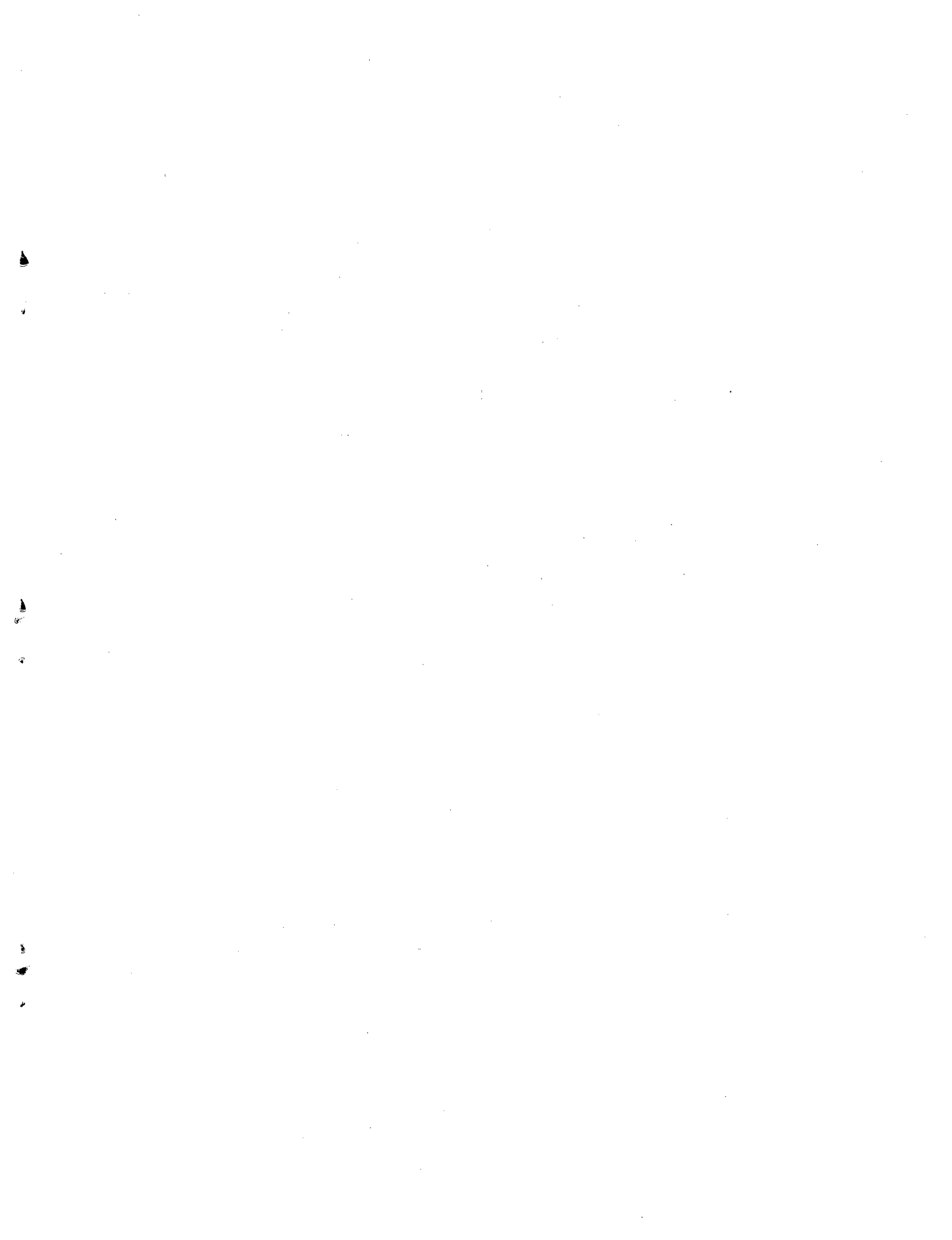
Held:
May 18, 1971
Assembly Chamber
State House
Trenton, New Jersey

COMMITTEE MEMBERS PRESENT:

Assemblyman Harold C. Hollenbeck (Chairman)
Assemblyman Walter E. Foran
Assemblyman Everett B. Vreeland
Assemblyman Karl Weidel

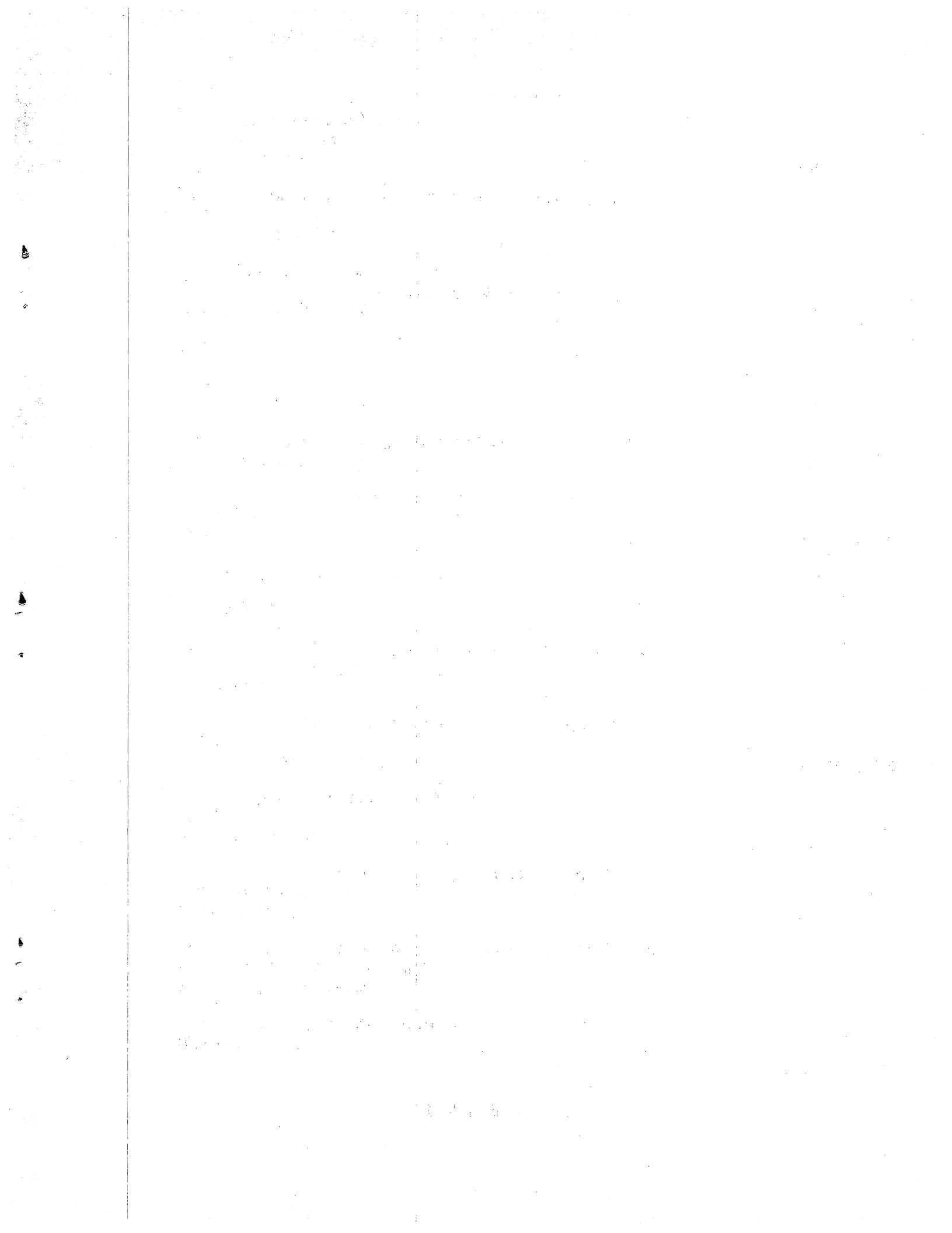
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New Jersey State Library



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ASSEMBLYMAN HAROLD C. HOLLENBECK [Chairman]: We are ready to begin the second hearing on Assembly Bill 2139 in specific, and on the regulations of community antenna television in general.

There are some of you here who were at the first hearing and the rest of you I am sure are aware of the proceedings at that hearing.

At the conclusion of testimony on that day, this Committee issued a statement saying that it would propose a bill providing for a one year moratorium on CATV franchising in New Jersey. The status of the bill at present is that it passed the Assembly the next week and is now lying in committee in the Senate awaiting action, positive or negative, by that body. I expect that they intend to act on it in June. I will make it clear that no one on this committee particularly likes that sort of legislation, but we felt that it was necessary to introduce same at the present posture of the development of cable television and at the present posture of our hearings and our information gathering. We hope at the conclusion of this second hearing, with the testimony that we will have acquired, with the expertise that many of you gentlemen have and with the expertise of people that are helping us from other sectors, we will be able to come up with some positive and progressive legislation to aid in the development of what we think is a very important industry.

This morning we are going to proceed in the following order: Mr. Hoch, Staff Engineer of New Jersey Bell, will testify first; to be followed by Mr. Martin of Coaxial Communications of Bergen County, who will make a short presentation and introduce a slide talk to the Committee and anyone interested on the operations and setup of cable television in general, not a sales pitch for any one organization. Of course, at the presentation, if any of you gentlemen from the other companies have something to point out with regard to your own operation or a difference, feel free to do so.

We are pleased to have with us today representatives of the New Jersey Public Broadcasting Authority, Channel 52, who are making a video tape of a portion of these proceedings for use on a show to be filmed later today and to be aired this evening.

With me today on the Committee are Assemblyman Everett Vreeland from Morris County, Assemblyman Karl Weidel on my far right from Mercer County, and Assemblyman Walter Foran from Hunterdon County.

We will begin with Mr. Hoch. Mr. Hock is here on behalf of New Jersey Bell and he is going to testify generally on the relationship of existing CATV operations to New Jersey Bell and some possibilities for the future. Go ahead, Mr. Hock.

E D W A R D G. H O C H: New Jersey Bell does not conduct any CATV operations itself. Our relationship to the CATV industry is that we license attachments to our poles and we rent space in our underground conduit system. The only criteria that we apply are that their programming must be lawful and that they have a franchise in the municipality in which they are renting space. The construction that they are required to use is in accordance with the National Electric Safety Code and we inspect all of the plant jointly to insure that the required safety precautions are all adhered to. We also have to provide some electrical bonding between our two plants to eliminate any possibility of voltage differences. This is both for transmission purposes and for safety purposes.

At the present time, we have just completed rewriting our standard agreement which is used with the CATV companies to include the use of the underground conduit. We have none in our conduit at the moment, but we will permit it.

ASSEMBLYMAN FORAN: Mr. Hoch, how many cables are aboveground and how many are underground? Do you have any idea?

MR. HOCH: I can't give you the number of cables,

but we have no CATV in our conduit system at the present time. All of our agreements are for aerial attachments at this time.

ASSEMBLYMAN FORAN: Off the normal poles.

MR. HOCH: That's right.

ASSEMBLYMAN HOLLENBECK: Is my understanding correct that New Jersey Bell has declared as a matter of policy that all of its future new installations will be below ground?

MR. HOCH: Our policy has been for several years that installations of our distribution plant in new developments will be placed underground. This is where there are new streets and subdivisions.

ASSEMBLYMAN HOLLENBECK: As this cable TV industry develops, as a practical matter, how are you going to undertake sharing this space with them? I can understand sharing air space or pole space as a practical matter more easily than I can understand sharing a duct which may become overloaded or overcrowded as development of a given area proceeds.

MR. HOCH: Are you referring to a duct?

ASSEMBLYMAN HOLLENBECK: Yes.

MR. HOCH: We also do bury our cable directly in the ground, which is what we anticipate doing.

ASSEMBLYMAN HOLLENBECK: So there wouldn't be any easement sharing or cable sharing in that way?

MR. HOCH: Well, we would anticipate if the CATV company involved so desired, they could share the cost of the trench and lay their cable in with us as they went. We can do this with practically any other utility with certain restrictions - water and gas. We do it consistently with electric companies now.

ASSEMBLYMAN HOLLENBECK: I don't know whether you can answer my next question, being that you are not a lawyer. What is your present legal status with regard to the FCC and/or the PUC on sharing pole space or easements? Is there a problem? Has the FCC ruled or has the PUC ruled?

MR. HOCH: There has been no ruling by either the

PUC or the FCC at the moment. The FCC, however, is investigating the rental attachment problem with the Bell system and the other independent telephone companies.

ASSEMBLYMAN FORAN: Mr. Hoch, who makes the installation on your poles? Do the CATV people do it themselves or do they do it under the direct supervision of your own linemen or do you just let them utilize your facilities and hope they don't cut your wires?

MR. HOCH: They do the actual work. We reach very strict understandings with them as to what is required. We inspect the plant beforehand. There are certain poles which do not have the capacity to carry their lines along with ours and they have to be replaced.

ASSEMBLYMAN FORAN: Do you have any supervision there at all in the actual installation?

MR. HOCH: No, not as a general rule. We will make inspections during the course of the work but we do not stay on the job.

ASSEMBLYMAN WEIDEL: Mr. Hoch, do you charge a rental fee per pole?

MR. HOCH: Yes.

ASSEMBLYMAN WEIDEL: And a rental fee per conduit if it is underground?

MR. HOCH: Underground would be a rental per foot of cable placed.

ASSEMBLYMAN WEIDEL: Could you tell me if the rental fee and the conduit fee are approximately the same throughout the State or is it in relation to how much difficulty you have in installing your conduit, if it is new installation; or, in other words, would the rate in Trenton be the same as the rate in Saddle Brook?

MR. HOCH: The rental rates are the same throughout the State, that is, within the New Jersey Bell Telephone Company.

ASSEMBLYMAN WEIDEL: Does there exist in New Jersey the situation where the electric companies may still own

some poles and the Telephone Company own some poles and you and the electric company work it out as to who is going to maintain them, instead of putting up dual poles like they used to in the olden days?

MR. HOCH: Yes, that is correct. We have two types of agreements, one in which we both own the pole, jointly, specifically that is with Public Service Electric and Gas, and with the other large electric companies we have a joint use where we each own part of the poles. We solely own half, more or less.

ASSEMBLYMAN WEIDEL: But there has been no difficulty with any of these other utilities as far as cable TV is concerned in the use of the present poles?

MR. HOCH: No. The TV cable is placed in the communications space, which is where our plant would normally go. We are merely sharing our portion of the pole.

ASSEMBLYMAN WEIDEL: Thank you.

ASSEMBLYMAN HOLLENBECK: We have no more questions. Do you have anything more to add to what you have said?

MR. HOCH: I think not.

ASSEMBLYMAN HOLLENBECK: Fine. Thank you.

Mr. Martin.

A. W I L L I A M M A R T I N: Mr. Chairman and gentlemen, my name is A. William Martin. I am the Executive Vice President of a 2 1/2-month-old cable TV company, known as Coaxial Communications of Bergen County, Inc.

I would like to address myself to several points, but I will endeavor to be very brief.

First, may I comment on the moratorium on granting cable TV franchises passed by the Assembly following the first hearing on this subject about three weeks ago. As I see it, the passage of this bill by the Assembly prompted many communities where discussions were in progress to call an abrupt halt; where approaches were made to talk with new communities, they were ignored or refused on the basis of the Assembly's passage of the moratorium bill.

The adoption of that measure, in my opinion, cast an unjust shadow over a lot of responsible business people that came about as the result of the actions of one or two. In the case of my 2 1/2-month-old company, it has made it increasingly difficult for me to get an audience to present what my company has to offer.

Secondly, the question of a moratorium raises another question: What happens in those communities where franchises have been granted, but no construction actually begun? In short, what is the effective date of this moratorium? Does it mean simply that no new companies may enter the field for a year? Does it mean that all progress in this field is to be halted for a year? If the latter is the case, we are not talking about a halt for a year, we are talking about a halt or a delay covering two or three years or perhaps longer.

Another question I haven't heard raised before this point is: How does all this affect labor? We are in a period when full employment is a problem. There are engineers and electronic technicians, not to mention construction people of all types, who will be seeking work they could have now or within six months from now if the moratorium idea were dropped. As the cable TV industry grows in New Jersey, there will be new employment opportunities for literally thousands of people, ranging from office help to camera men, to announcers, lighting and stage electricians, carpenters, bricklayers and scores of other specialized trades too numerous to mention. And this industry is only in its infancy in New Jersey.

I believe I understand what the State is trying to achieve in its investigation of cable TV. I think it would like to be sure that the companies operating cable systems in the State will truly serve the public in general and the local community in particular. I think it wants to be assured that every company, particularly foreign corporations, are financially sound, operated by reputable people, and capable of delivering that which they promise. I believe

the State wants assurance that technical standards will be high, that operation of a cable system will continue with a minimum of breakdown and without excessive or frequent repair charges to the subscribers to that system.

Almost more important, I believe the State seeks maximum service to subscribers and a fair cost for the service received. As an extra, I believe the State would like a system established, statewide, wherein every TV cable subscriber can be reached for the dissemination of State, county and local news as it happens, where a Governor, legislator or a State official can get a message to all the people on important subjects, much as happens today when there is a Presidential Press Conference.

I concur in all these thoughts because I and my company believe they are in the best interests of the people of the State of New Jersey. However, I would oppose vigorously any control by the Public Utilities Commission which by its attorney's own admission at the last meeting here would have to apply the same rules and regulations, rate controls and similar regulation that apply to gas, electric, water, rail and bus utilities. Cable TV is not a utility. It is not a necessity. It is a service voluntarily offered to the people who voluntarily wish to subscribe to it, who want better reception plus the many extras that cable TV can provide.

Every corporation pays State and Federal income taxes. No attempt should be made to deprive individual municipalities of the taxes the cable TV companies are willing to pay to a municipality for the privilege of operating within that community. This can go a long way toward solving a lot of municipal budgetary problems.

My company does not seek an exclusive franchise in a community. We believe competition is healthy and, if we cannot deliver what is wanted, a municipality should and can be free to grant another franchise without going through expensive litigation to break an exclusive contract.

I believe the State control of cable TV should be limited to the areas I have outlined. A special office of telecommunications or some similar name could be established to check and investigate companies in the areas of financial responsibility and integrity, approving those who meet standards established and disapproving those who do not. With engineering assistance, it could establish standards for equipment. It could develop a plan for Statewide cable TV hookups when wanted. It could establish programming standards. By this, I do not mean censorship, but to a reasonable degree, promote local programming.

I understand, although I haven't seen it as yet, there has been a recent decision on this matter in Washington, out of a ruling by the Federal Communications Commission, that cable systems with over 3500 subscribers must provide special amounts of local programming. My understanding is that this has been thrown out.

Finally, there is every indication the FCC shortly will jump into cable TV with both feet and assume, one way or another, full control over the medium. This would, of course, make anything we say here or anything done by New Jersey almost academic.

There is a wonderful future ahead for cable TV. It would be a crime to impede the progress of this industry at this stage. For the public, there awaits a whole new world of entertainment, education and knowledgeability of what is happening around them. There will be special programming for children, for school systems, for teenagers and young adults and for the middle-aged and the senior citizens. There will be sports for those who enjoy it. There will be 24-hour-a-day uninterrupted movies for those who prefer this type of entertainment. And there will be cable-delivered music for non-viewing pleasure. There will be two-way communication between a classroom and a speaker many miles away, and police and fire systems with two-way communication, and even burglar alarm and fire alarm systems tied up with

individual homes.

I say these things because my company is prepared to begin operation of any franchise we may be fortunate enough to win on a non-exclusive basis, with 19 channels of programming and the capability of adding 20 more as the demand so dictates.

In conclusion, I have an offer to make to the State of New Jersey. We have at our disposal a sizable staff of engineers. They are busy because our affiliated national company currently is placing in operation a system in Columbus, Ohio; currently constructing a system in Hemstead, Long Island; and doing preliminary work on many others across the country. However, our little New Jersey company has access to this staff. We are prepared to offer the State the services of specialists in engineering, programming and all phases of cable TV operation, in whatever capacity we may be called upon to provide. You may be assured of our fullest cooperation. I say the same to those already operating cable TV systems who may be present in this room. We all have the same purpose, the best for the people of New Jersey in the areas in which we can provide cable TV service.

Mr. Chairman, I have available and ready whenever you wish them, a series of slides outlining how cable TV systems are installed in communities physically on poles and in the ground. Thank you very much.

ASSEMBLYMAN HOLLENBECK: Before we look at those, I think some members of the Committee have questions.

ASSEMBLYMAN WEIDEL: Do you mind if I ask you some questions, Mr. Martin?

MR. MARTIN: Not at all.

ASSEMBLYMAN WEIDEL: First of all, we will be able to reread what you stated here. But you mentioned that you have a new cable company and you have been in business approximately three years?

MR. MARTIN: Two and one-half months.

ASSEMBLYMAN WEIDEL: Two and one-half months. O.K. Would you tell me in your estimation how many cable companies there are in New Jersey?

MR. MARTIN: I believe there are about 20 or 21 operating companies.

ASSEMBLYMAN WEIDEL: Twenty or twenty-one operating. You can, but you don't have to answer this question. What was your business before you got in cable TV?

MR. MARTIN: I am in the public relations business.

ASSEMBLYMAN WEIDEL: All right. You are a subsidiary of a large cable company. You mentioned Columbus, Hemstead and a few other cities. Why does that cable company need you?

MR. MARTIN: We are in the process of setting up. We have incorporated in the State of New Jersey. When this incorporation is finished and the complete organization is set up, this is going to be strictly a New Jersey company with financial backing from the Florida operation where Coaxial Communications is located. We are all local people that will be involved in this. I am still in the public relations business and at the present time I am in the process of developing or setting up this company.

ASSEMBLYMAN WEIDEL: The name of your company indicates that it is Coaxial Communications of Bergen County. Do you intend to limit yourself to Bergen County?

MR. MARTIN: No, sir, we are in the process of trying to change that to "New Jersey."

ASSEMBLYMAN WEIDEL: You disagree with the moratorium and you mentioned quite a few times this non-exclusive feature. I don't know too much about cable TV yet. But this non-exclusive and this exclusive feature, would you explain to me what investment your company makes in a particular community on a non-exclusive basis? Do you sign a contract with Bell Telephone or Public Service or whatever it may be to guarantee them that for so many years you are going to pay and, if this community decides after you have begun to perform that

you just aren't meeting the standards that someone else could, you mean you just pack up and leave after you have made contracts, after you have used capital?

MR. MARTIN: Sir, we have a very typical situation I believe in the City of Newark right now where an exclusive contract was granted to a cable TV company. They did not perform and the city is now going through costly and expensive litigation to try and revoke that franchise.

ASSEMBLYMAN WEIDEL: Didn't we also have that situation in Trenton, New Jersey, and also in Hamilton Township, New Jersey? Yet you testify you are against the moratorium bill.

MR. MARTIN: I am against the moratorium bill because I think it would be unfair and unjust not only to ourselves who are really only just beginning to get under way in the State of New Jersey, but it would be unfair to the other cable operators who have been doing business for years and who are seeking to expand.

If I may, I will carry this step on the non-exclusive feature I discussed, a little bit further. Under our non-exclusive franchise, we are offered this franchise for a period of years, 10, 15 or 20. We have the financial backing and the financial support. We will post bond that we will start work within a period of six months - that is actual construction - allowing about six months for the planning and preparation. We will sign a bond to the effect we will begin actual programming and operation of the system within a period of eighteen to twenty-four months, depending entirely upon the local situation. We feel that if we can't do the job, we shouldn't be there. And if a community comes to us and says, "You are not doing the job. We are going to give a franchise to someone else," it is perfectly all right with us.

ASSEMBLYMAN WEIDEL: How much money would you have invested, we will say, in a community of 25,000 people?

MR. MARTIN: I couldn't guess at that figure right now.

ASSEMBLYMAN WEIDEL: Would you tell me offhand how

much capital you would need to start a cable TV company?
How much capital do you need? A quarter of a million?
A million?

MR. MARTIN: You need at least a quarter of a million to do a good job.

ASSEMBLYMAN WEIDEL: At least a quarter of a million. Some people may need more than that.

MR. MARTIN: That is possible.

ASSEMBLYMAN WEIDEL: Some people may need less than that.

MR. MARTIN: That is possible too.

As a point of comparison I can say this, that in our early discussions of Bergen County when we first began to discuss this with the people who do supply the funds to us, the estimate was \$30 million to be invested in Bergen County.

ASSEMBLYMAN WEIDEL: How much?

MR. MARTIN: Thirty million. That is just in installation lines, cables, studios.

ASSEMBLYMAN WEIDEL: I want to ask one more question and you don't have to answer it if you don't want to. It is going to be very pointed. How come there are so many lawyers, PR men, accountants, all involved in cable TV? How come a cable TV company needs these lawyers, accountants, PR men, politicians, anybody else you want to mention, in their company, these subsidiary companies?

MR. MARTIN: First of all, I will answer you just as pointedly. I happen to be a PR man and I am in business. I am pretty well known through Northern New Jersey and through the State of New Jersey. Through a mutual friend, this company offered me this opportunity to try to get this company off the ground. I have the authority to hire lawyers, if I need them. I have my attorney right here now who handled the incorporation of our company in Bergen County and I don't think anybody can say that that law firm of Morrison, Lloyd and Griggs is politically connected in any way,

shape or form.

ASSEMBLYMAN WEIDEL: I am not talking about representation; I am talking about lawyers who are members ---

MR. MARTIN: As far as law firms are concerned, those that are in it - and I know a couple that are in in - I think they are primarily in it to see how much money they can make in the shortest possible time.

ASSEMBLYMAN WEIDEL: You don't think in one instance that being one of these people that I named would help you get a contract?

MR. MARTIN: Not particularly. I don't expect the fact that I am a PR man to help me get any contracts because I have to go out and I have to make presentations. I have to provide a model ordinance. I have to give the town what it wants, what it seeks in income, what it seeks in licensing fee, and we have a whole schedule that we follow. It is flexible; it is negotiable. And it all has to be done, as far as my company is concerned, strictly across the top of the table.

ASSEMBLYMAN WEIDEL: Thank you very much.

ASSEMBLYMAN VREELAND: Mr. Martin, from your comments I get the impression that you feel the contract that you have constructed ---

MR. MARTIN: I am sorry, sir. I can't quite hear you.

ASSEMBLYMAN VREELAND: The contract that you use for your municipalities in which you are seeking these franchises, you feel is a model contract.

MR. MARTIN: Yes, sir, I do. Copies of that were made available to the members of the Committee at the last hearing.

ASSEMBLYMAN VREELAND: When you have a contract that is in force in a municipality, is there a provision in that contract which says that the franchise can be sold to another firm?

MR. MARTIN: No, sir, not in ours.

ASSEMBLYMAN VREELAND: You are tied in then and bonded and your contract cannot be sold to anyone else.

MR. MARTIN: That's right.

ASSEMBLYMAN VREELAND: Did you tell us the name of your parent company in Florida?

MR. MARTIN: Coaxial Communications, Inc. of Florida. They are headquartered in Florida. It is a nationwide company and the parenthood in this case will last primarily just so long as it takes us to get in actual operation ourselves here in Jersey. Then we will operate independently of them.

ASSEMBLYMAN VREELAND: Thank you very much.

ASSEMBLYMAN WEIDEL: In your testimony you said that should it come to pass that your cable TV isn't performing properly, you can be omitted. It says so in your contract. Now who makes the determination of whether you are performing properly? In other words, you may visit a person's home and say, "Isn't that a beautiful picture," and you kind of smile to yourself and don't say anything because it is really a horrible picture. Who is going to say whether or not after you have a contract, after you are operating, whether or not you are performing properly? Who sets these professional standards?

MR. MARTIN: This is one of the things that I suggested in my testimony that the State could do by setting up standards of operation and programming that the municipalities could go by and then in the case of complaints or any massive complaints about poor service, the governing body that issued the franchise would have the control of it and could go to the company and tell them that they are not doing the job. This is one area that I feel very strongly about, that the control and supervision of the operation should be in the hands of the local municipality.

ASSEMBLYMAN WEIDEL: In other words, you would like to see the local municipality request something from some State agency and they would make the final decision.

MR. MARTIN: The State could assist the local municipality in making these determinations and not just ask for a sheet of paper with a set of regulations on it or rules.

ASSEMBLYMAN WEIDEL: In order to help us - you testified you are against the PUC because this isn't a public utility.

MR. MARTIN: That's right.

ASSEMBLYMAN WEIDEL: Where would you suggest that this Telecommunications Office be? What department would it be in?

MR. MARTIN: I am not that intimately familiar with the organization of the State government to say what department it should be in; but under some appropriate department, it should be a separate office just dealing with telecommunications.

ASSEMBLYMAN WEIDEL: Could it be a separate office in the PUC?

MR. MARTIN: Possibly, as long as the PUC would not be applying the same rules and regulations to this industry that they apply to bus, rail and water, and these things. Because at the last hearing, the attorney representing the PUC testified. He came back about an hour or so later and made the flat statement that if it went into the PUC, under the PUC, all present PUC rules and regulations as they exist would have to be applied to this industry, which is where the fallacy is. If it could be so set up, under the PUC or any other department, that this particular department was not tied in and bound and tied down by existing rules and regulations over a period of years that can't be applied properly to this industry --- This is what I mean when I say a separate office or a separate commission should be the one to do it.

I am not advocating that the State come along and say, "Your rates are going to be so and so. You have to charge this or you can't do that." That is the job of the

individual municipality where they are right on the scene and they can supervise, they can control, they can watch.

Does that answer your question?

ASSEMBLYMAN WEIDEL: Yes, sir.

ASSEMBLYMAN HOLLENBECK: I have one question, Mr. Martin. I would like somebody to answer it. If you can't answer it, I want somebody to answer it sometime today or in the near future. I look at all these brochures and I look at the potential. I look at the different uses that can be made of CATV and I want to know from you people who oppose some form of regulation, over-all regulation, how in the world you are going to achieve full growth - how you are going to develop the potential of this industry - if you have 300 or 400 different franchises all over the State? How can you achieve it practically and how can you achieve it financially without an over-all regulatory agency, mandating some kind of interlocking of services or regulating the use and the programming of this form of media to some extent? That's the question I have. It is the question we all have and we are still waiting for an answer to it.

MR. MARTIN: Mr. Hollenbeck, I would answer that question this way: Previously, I believe in my statement at the last hearing, I suggested that some form of a study commission be appointed to go into all of these various ramifications before any legislation at all is drafted. I also suggested that this commission be given a certain degree of authority -- How will I say it? -- where there has been evidence of wrong-doing in certain areas to be able to approve or disapprove companies during the interim. I suggested this is the only way that this could be answered because I don't believe there is a single man in this room that can give you a definitive answer to that question at this time.

ASSEMBLYMAN HOLLENBECK: Thank you. There are no further questions from the Committee.

We are going to go downstairs into the Conference

Room to look at a set of slides prepared by Mr. Martin's company and he is going to present them and discuss installation and cable television in general. I wanted to do that at the first hearing for the members of the Committee and for the members of the press who may not be fully acquainted with the operations and procedures, but unfortunately they weren't available at that time. We are going to take about fifteen minutes to look at these quickly and then come back up and hopefully finish the hearing in one session.

[Recess, during which slides were shown by Mr. Martin.]

After Recess

ASSEMBLYMAN HOLLENBECK: Robert Pauley?

R O B E R T P A U L E Y: Mr. Chairman and members of the Committee: I am happy to be able to return here since through nobody's fault I was pressed up against the clock a little bit last time and when I concluded I was talking about controls and I didn't say very much about controls. I would like to address myself to that because I understand that that is the thrust of your hearings.

Now as a broadcaster, I have lived with controls all of my business life. By law, a licensee of a radio or a television station must serve the public interest, convenience and necessity. His license says so and he has got to do it, and strangely enough, it never got in my way. But you know, everybody is serving the public interest, everyone, the butcher, the baker and the candlestick maker. No matter what business you are in, you are serving the public interest. When you forget it, you are in trouble. The man who doesn't serve the public interest finds himself in deep difficulty and as one Commissioner of the Federal Communications Commission once said, it's a strange thing, but the broadcaster that does the best public service job is the fellow in the long run who does the best over-all job. He seems to make the most profit. He seems to get along with the least amount

of trouble, and he really is the accepted, responsible man in the community.

And those who complain about certain controls, namely, the Commission, which I am talking about now, simply don't really understand what is going on. I would complain only perhaps about the delays in the Commission, the delay in a license transfer or a delay in a hearing, and that is because of the grinding wheels or bureaucracy which nobody can really avoid and also because of the budget and the staff of the Commission itself. It is under-budgeted in my opinion and somewhat under-staffed at the present time.

You know the old Radio Commission started as a traffic cop. They were the ones who said, "We have to have certain guidelines here for broadcasting because all these bad boys are trying to upstage one another and jam one another and we really aren't getting anything in this country except chaos. Somebody goes on 770 in New York and somebody else goes on 770 somewhere else." That was the problem then in broadcasting. Later, the Hoover Commission, which was a forerunner of the FCC, referred to radio as wired radio because they could never quite conceive that radio signals were passed through the air. I am sure if you told them then about television and its capabilities, they would be horrified and disbelieving too.

So here we are, back to wired radio and back to wired television almost, as if it were forecast back then.

I want you to know that I support the FCC in its efforts so far and I am very much in favor of seeing the Commission take any regulatory measures which may be required in so far as CATV is concerned. I know what they are trying to do in the origination rule. I understand that the ruling that cable systems of 3500 and more subscribers must originate has been overruled on the basis that the figure was arbitrary. So we don't know what is going to happen. But I know that the Commission wants very, very much to see these cable

systems provide a broad base, greater information, greater public service, to really capitalize upon the availability and capability of our great communications media in this country.

It has been my position all along that broadcasting has failed somewhat to live up to this great potential. It has failed to offer a broad base of diversity and information. It has failed to create a dialogue and to offer access and to help unify a troubled nation which we face today, and I am not putting the blame on the broadcaster in any sense. I simply say that he probably could have done a much better job.

Broadcasting too, I feel, has failed in its creative potential. Now we are faced with the question as to why and we look at a new medium and we have before us an opportunity perhaps to correct those wrongs. But historically the broadcaster was not living up to his potential because of his stark, stalking, mortal terror of the rating system, also his lack of courage and creativity, his fear of the FCC "rules," and I use that in quotes, the "rules," because I think some of them really don't understand those rules are not harmful to the broadcaster in my opinion certainly and not harmful to the public either. They are there for the public's interests.

Broadcasters traditionally have also been fearful of controversy. Now despite the fact that they have shown this fear of controversy, all the recent FCC Chairmen, Henry, Minnow and others, have implored and urged controversy, that broadcasters enter the controversial area, that they provide a broad range of thought material to their public, to their audience. John F. Kennedy himself went out of his way to make that statement, imploring broadcasters "to use your medium to a broader extent than you have been doing." But they stuck to the bland and to the ~~stere~~stereotyped and pretty much to the mediocre, and now they are faced with a competitive

threat in cable. The watchword to them seemed to be, get a rating and offend nobody. Well, I am very much hopeful, gentlemen, that that doesn't occur and the other minor problems that broadcasting has suffered through the years does not occur in cable. I hope we are smart enough to avoid these things and that we can give cable a free breath which it deserves. Because the time has come now in cable - it is here right now - where you have multiple bands available for a broad diversity of information and education and culture and things that can help rather than hinder. You have the customer paying the freight, not the advertisers. Therefore, you don't have the rating problem which you have had in broadcasting. You can program to the very smallest minority, the smallest segment, and these segments make up the total. To a smart cable operator, if he is serving 30 homes with a very unusual or highly cultural program, for example, that is 30 homes he might not get otherwise. Those 30 homes multiplied by his monthly fee times 12 months a year means money. But more important than that is that he is serving somebody that probably would not have been served before and this is cable's opportunity.

Therefore, I feel - and I am going to comment also on the moratorium - I don't think that the moratorium is in keeping with the demonstrated progress of the Great State of New Jersey. I think if you have a question in your mind about something, that it is up to you and the responsibility of those in power to pursue with all speed the solution of that problem and not necessarily to shelve it unless the industry itself is so backward and time is of no essence to you. But, unfortunately, time is of great essence here. Everybody forecasts that by 1980, the end of this decade, there will be 30 million wired homes in this country. The fact that cable television is moving forward at a great pace is an absolute certainty and irrefutable. Now if you do embark upon this moratorium, I feel somewhat that you

will find yourselves behind the pack and not a leader, as you have been known to be in so many other areas in this State.

I recognize the concern and the need of controls. There isn't any question about it. I completely sympathize with you gentlemen who are concerned over controls. Nobody really wants control, but I think we ought to define what controls are. Controls needn't be bad.

I would like to talk very briefly about the need of controls as I see it.

First, of course, we must have financial responsibility and character. We don't want people in the area of broadcasting who don't have it. Because, you know, a broadcaster talks to more people in a minute than the average person in public life or a minister or a rabbi or a doctor or a lawyer talks to in a lifetime. It is an enormous responsibility. To have people other than those of character and financial responsibility involved would be disastrous. And I don't mean that the applicant ought to be rich. He simply ought to be able to act upon his franchise, to build it and not sit on it, and work in the best interest of the public.

Secondly, the facilities, the quality, the safety, all of the physical standards themselves, should have some control. This will prevent shoddy workmanship. And unfortunately our great American economy has been known to create a bit of it.

The third recommendation - and I don't think this should be a control - but broadcasters who are in cable are looking at cable somewhat vertically, like broadcasters. Those who haven't been in broadcasting perhaps are looking at it with a fresh light, but yet without communications background really aren't quite certain what to do with it. I don't think that advertising represents a large revenue for cable - not at this time. And I think that the idea of advertising, of course, is good. It is educational; it is informative. But in our society, it has become intrusive

and the context has been bad. One of the German networks, for example, runs all ads and prime time and has one of the best ratings of the day. But I would suggest that it not be a rule but a promise be extracted from the cable operator that perhaps he maintain his commercials at one-half the level of the FCC Code of Good Practices, which is somewhat liberal, I think. Because again I say, the money, I don't believe, is going to come from that direction.

I further feel that there should be a great emphasis placed upon the activation of additional channels. The FCC feels this way very strongly. I think that every cable operator should be thinking down the road toward this goal. He should, of course, repeat "off the air" signals. This offers a wide selection and was really, as we saw downstairs, the basis for cable television getting going. But if he ignores the great facility which he has at his disposal, all these additional channels, he is being very foolish and the local community is not being served.

I would certainly recommend no control over the rates charged. In a free-enterprise society, it is not a necessity. There should certainly be no control. There should certainly be no control over the content or censorship in any sense whatsoever.

The payment to the community must be a local matter. It is not entirely significant, however, how much the community gets but how well is the citizen of that community going to be served and with what?

My recommendation, in summary, is that any rules or any regulations, any overlay of guidelines, should come from the FCC and I am going to continue to support that position. I think beyond that, it is a matter between the community and the cable operator, with possibly some basic standards in lieu of the FCC if it does not come through with some basic standards on the character of the individual, his financial responsibility and, of course, the physical construction of his plant.

I think we have an awful lot of good people in cable. I have met many in the short time that I have been in it. It is a new industry. There aren't a large number of people who have been in it a long time. I have met several. They are a new breed. They are exciting. They have creative ideas and many of them are right here in this room. I would urge that you join with them, hand in hand, for the benefit of your communities, this State and of our troubled Nation. Thank you.

ASSEMBLYMAN HOLLENBECK: Thank you.

Are there any questions?

ASSEMBLYMAN WEIDEL: I would like to ask a question. You obviously know that the moratorium is for one year, don't you?

MR. PAULEY: Yes.

ASSEMBLYMAN WEIDEL: O.K. You testified that you are in favor of rules and regulations because of the potential of this industry and you also testified by 1980 there would be 30 million customers. We are in 1971 now and we have five hundred and some communities in the State of New Jersey and, according to the testimony the last time, some 136 have already been franchised. If we don't have a moratorium, whether your company is in the process of getting one or it isn't in the process of getting one, every community could conceivably, before any rules or regulations are drawn up, be franchised, and before it was decided how many channels there could be. That's a new approach. Do all the present cable companies have the same amount of channels or is that an aspect to be negotiated between the municipality and the cable company? What I am in fact asking. I am answering and I am asking: If we don't have a moratorium and we wait for the FCC - you keep referring to them and we refer to them and we read about them, but we don't know when their rules and regulations are going to be forthcoming - what do we do? What do we do to help the cable companies and to help the public and to help the

public and help the municipalities in June of 1971?

MR. PAULEY: I think that any rules and regulations formulated by the FCC will certainly be retroactive to any cable system. So whereas you have several cable systems now in the State of New Jersey and many more who want to be here, I am very confident that the rules the Commission will establish - and I am quite confident that they will do so - will certainly be retroactive to these cable communities.

You asked a good question and I am not sure I can answer it entirely. I can dance around the periphery of it, but I really can't entirely answer it because I don't have the inner knowledge of your State and your particular situation.

ASSEMBLYMAN WEIDEL: Doesn't Connecticut have regulation? And since they have had regulation, there have been no new cable TV franchises. This is regulation by some Commission or Public Utilities. We are trying to delve into the question of where it should be and how it should be operated and what should it do. You are all business men. You are all interested in cable TV and you all either have your own companies or you are representing some national company. So can we get it right out on the table now? Cable TV is not the same or is it? In other words, does XYZ Cable TV Company do the same thing as ABC Cable TV?

MR. PAULEY: Do you want me to answer that one?

ASSEMBLYMEN WEIDEL: Yes.

MR. PAULEY: I think that cable is an entirely new medium. You have asked a very significant question. Those who regard cable as part of something in the past, another aspect of television or another aspect of radio, are looking at it in the wrong light. Cable has a profound significance and a tremendous potential impact upon our nation and upon everybody in it. And those who regard it as an extension of an existing medium, I don't think are looking at it in the right light and that is why I am very much in favor of every responsible body that I can find to take a very close look at cable and to come up with the answers. It is not for me to come up with that answer. But it sure

is up to the Commission, I would say, primarily and I would like to see it in their hands because they have that expertise. But they should look at it in the light of a new medium, which I think they are doing in their Cable Division in my discussions with them anyway. We are faced here with a situation where it has been around and yet it has moved ahead a lot faster than people realize. We are caught up with it now. And I would only urge you to seize this challenge and I know you are. That is why we are here today - to seize this challenge and move into it as fast as possible.

ASSEMBLYMAN WEIDEL: Thank you.

ASSEMBLYMAN HOLLENBECK: That you, Mr. Pauley.

Mr. Hobler.

H E R B E R T H O B L E R: My name is Herb Hobler. I am President of the Nassau Broadcasting Company, which owns WHWH in Princeton, WTOA-FM in Trenton, WJZZ-FM in Bridgeport, Connecticut, and a majority interest in a cable company on the Jersey Shore and an applicant for several franchises in Mercer County.

I think that cable is at a very awkward stage, both for you gentlemen and for those in the business and for the Federal Communications Commission. Unfortunately I wasn't here at your last hearing and, therefore, I may make some comments which have been made before - and I am likely to make some that haven't - because I am somewhere between the traditional, if there is such a thing, cable caster and you gentlemen.

I am afraid that there is no question that there must be controls about cable and I would like to dramatize, if I can today, that those must come from the Federal Communications Commission, and yet at the same time there are controls that you gentlemen are concerned about for various reasons as are people in other states.

I saw part of the demonstration downstairs of what cable is and it was a very basic presentation that you saw,

and I would like to point out that the future of cable is so complex that I would hope that 50 states would not all try to be experts on something even the Federal Communications Commission is not expert on yet.

Looking toward the future of cable when international cable television from Singapore and London and all over the country is a reality, the United Nations already has a commission on international cable and the problem of the Russians is that they don't seem to like the idea of American commercials coming into Russia. This entire country will not only be wired probably eventually but interconnected. There may or may not be networks as we know them today. There may or may not be television stations on the air as we know them today. And because there is such a fantastic future and potential, it is creating problems for the Federal Communications Commission that they have never had to face before.

I believe you mentioned, Mr. Weidel, about Connecticut; as I recollect, several years ago the Public Utility Commission took it over and nothing has happened and I believe there are one or two or three states where this has occurred. I think it is unfortunate because this is much more akin to broadcasting on a closed-circuit basis than it is to a public utility so far as cable goes.

Just to throw at you a few things that are going to occur and the things that you would get yourself into - and I think you would prefer not to - cable casters are going to be involved in advertising. They are going to be involved in some of the same rather onerous things that broadcasters are facing with the Federal Communications Commission of discrimination towards broadcasters where you can't take alcohol advertising, cigarettes, the Fairness Doctrine. We have just been told we can't play records with drug lyrics, and the selling of the Pentagon has been front-page news, about editorial censorship of CBS. There is the problem of license renewals. Are they three years or five years or forever or what? Then there are the community surveys that the FCC requires

a broadcaster to take to determine what the public wants. While having been in the business 25 years, I am not sure the public does know specifically what it wants, except it may like this, that and the other thing. But if every broadcaster in the country had to do what the FCC asked him to, you would all hear the same sound. This is a very delicate problem the FCC has, to serve the public and yet be different. How many commercials can a radio station carry? Some politicians in Washington are suggesting they should get a discount for their political campaigns on network television and local radio and television. How many public service announcements do you put on? What are your news standards, etc. etc.?

I mention these because these are going to become similar problems in cable. They just plain are. On top of that, there are, as has been suggested here, some technical standard problems. Cable originally started with five channels. When we built our first cable system in Ohio, we were one of the first in the country to build a twenty channel system. Now there are thirty, forty and fifty channel systems. And that is going to change.

When cable is connecting the home to your local bank, when your newspaper is coming out via the cable, as is being done experimentally in Japan right now, the total communications of this country are going to turn upside down.

So I beg you and implore you, as responsible representatives of this State, not to move too quickly into too many State controls, though I have a suggestion as to what may solve some of the problems that I know face you and face the cable casters.

The FCC has already assumed certain aspects of cable. They have given certain guidelines, including a 2 per cent of your gross business to the local community, which may or may not be realistic, but they have suggested things like this.

You have a concern apparently that franchises awarded

in this State may have been clouded in some areas. I am sure that this may be true in other states. I am sure also there are other franchises where political influence is exerted in running this State and every other state. So to investigate for too long a period what is going on in cable, I think, is a little shortsighted. It is probably no different than a lot of other things, however unfortunate that may be.

I would go back and suggest this to you -- And, by the way, Mr. Weidel, in response to why lawyers, public relations men and accountants, which virtually every company, I guess has, a good broadcaster has a couple of lawyers, one in Washington and one locally, which is what we have, one that knows your Federal Communications rules and one that knows your regular local law. When you are dealing with the phone company, you have to have somebody knowledgeable in law. As for public relations, most cable companies around the country are very much like the phone company, they want to be good citizens because if that cable system should go out, it is like the whole phone company going out. So you must build a sound system and you must be responsible. And you will see more and more, as cable grows, cable companies acting like the phone company people do, going to the Kiwanis, the Rotary and all the rest. As far as accountants, no comment. I guess every good business has to have them.

I think that there should be some guidelines, and I put it in that fashion, for local communities in New Jersey and in other states. I think that those guidelines could be developed from a symposium of broadcasters, a Federal Communications attorney, representatives of the NCTA, some cable casters and your legislative committee plus others on the outside. I don't think it will take a year. There are enough contracts outstanding - and I might add that generally speaking when you go into a community, they know as little about cable as perhaps you gentlemen did when this first started. So each community has to be educated. Generally they get educated because somebody hands them a sample franchise from

another town. This is how the franchises usually go. They are frequently copies and/or slightly adjusted to fit the particular local needs.

So setting up guidelines for the State of New Jersey as to what might be contained in a franchise, I see no objection to and I would almost encourage it, not to the specifics as to exactly how much and why, but there might be ranges provided because local situations will vary.

I don't think that you are qualified, nor am I at this point, to dictate to a cable caster how many channels he should build right now. It may have to do with technology. It may have to do with cost. It may have to do with the size of the community and what they eventually may need. A large city in the State of New Jersey may well be able to use 40 channels eventually for all kinds of things, a smaller town, perhaps 15 or 20. These are complications you are going to have to live and grow with.

I think that it is possible to set up a State Telecommunication Licensing Office which would function perhaps somewhat like the FCC does. The FCC, for those of you not familiar with it, in granting a new license or change of ownership has approximately five standards, and I went through this over a three-year period in trying to get the Princeton franchise, so I speak from experience. There is a FCC hearing examiner who is a one-man judge who listens to the proposal of the one or two or three applicants and he decides in his best judgment who the owners are. Are they local? In our particular case, we were 100 per cent Princeton people. What are the engineering standards you are proposing? Do they meet the specs? Is there integration of ownership and management, local management? And what do you plan to do to serve the public through your proposed programming? Those are five basic criteria. Certain aspects of this could be applied to standards in the State of New Jersey or Idaho or what have you, without putting an onerous effect on an applicant.

Once the FCC Commissioner has given the grant- it is called an initial decision - the initial decision goes to the full Federal Communications Commission for generally a routine approval, but occasionally not. They don't have the time to review every single application in the detail it may have taken in a week or two weeks of hearing, but they become the final judge rather than the one man. By the way, those can be overruled and appealed through the courts, as frequently happens.

Now, as to a moratorium, I am sympathetic to it, but I think if something like that is to occur, I would urge you not to make it a year. I would urge you to keep it to a minimum because I don't think there are that many guidelines that have to be and need to be set up at this point. I think it is in the general franchise area. I think it is in the general length of franchise area. I think there are enough other franchises throughout the country, much less here, and things that the FCC can provide you that if a local community continues to grant the franchise among applicants, perhaps a State Commission could have a final approval like the FCC Commissioners do. But if this becomes involved - and the FCC Commissioners do not become involved unless something seems awry - then I think you will be shortsuiting the citizens of this State in having cable and the free enterprise of the individual business man.

Certainly I would try to impress upon you that the day will come when the entire State of New Jersey may be wired and there may be every citizen in the State of New Jersey connected. In the far West, as you may or may not know, there are scores and scores of cable systems from town to town now connected by microwaves. So there are networks, just as there are regular television networks. The implications of interstate and intrastate and international cable bring up the question of the allocation of channels to be used for what, obtaining music rights. Paid television could come along at some point. Cable television is not paid TV now,

but technically it can be converted and they estimate in the future that could become a channel or two channels.

I don't think the State of New Jersey wants to get into the communications business in that sense. So I would urge a list of guidelines, a symposium be set up and a committee. I would urge that you not have a year's moratorium, if you have any at all, but a shorter term. I can tell you from a practical viewpoint that there must be a lot of cable operators in the State right now who have made commitments and are ready to go or who have started construction and are going to try to provide service to an adjoining community. I think it would be unfortunate if New Jersey were the only state in the country virtually that had a moratorium because you are far-sighted and yet on the other side short-sighted about the far-sightedness, if I may suggest.

That is all I want to say in general. If you have any questions you think I can respond to, I would be glad to try.

ASSEMBLYMAN HOLLENBECK: I think Mr. Weidel has a question.

ASSEMBLYMAN WEIDEL: I too am sorry you missed the first hearing because at the first hearing testimony was given that in some communities cable TV was awarded in a month, and other men testified they have been working for two years and three years on other communities for cable TV and still haven't been given the franchise. So there is a dilemma there, as to why one community would do it in one month and it take another community two years, and they still don't have it.

You say, Mr. Hobler, that we should probably not have a one-year moratorium - we should have it for six months - you suggested a six-month moratorium. Could you possibly live if it were changed to a six-month moratorium? Do you think honestly that you could live with a Commission or this Telecommunications Division or Office that sets up rules in six months, after the testimony of how complicated it is by

both you and the previous witness? Would you want to live with a set of rules that were devised in six months or would you rather give this a year?

The basic problem here is we don't know whether it should be regulated and we don't know where it should be regulated, how it should be regulated, what division it should be in. We have all these questions. Would you say after a six-month moratorium you could live with the set of rules promulgated?

MR. HOBLER: Yes, for this reason - in fact, far less than six months - I think, and this has been the thrust I hope of what I am saying, it would be inordinately incorrect for the long pull for the State of New Jersey to become overly involved in cable in an area where the FCC is having hearings of people from all over the country and are not quite ready to make decisions, and God knows when they will. After the struggle that they are going through, to expect you in six months or a year or two years to accomplish what they are trying to accomplish, I think is naive. Therefore, I turn around and say I think what you are looking for at this point is a set of guidelines and those guidelines are relatively simple. They are: What is the term of the franchise? What are the general rate structures? I don't mean to set rates, but there is established in the industry that there is hardly a new cable company in the United States that isn't charging \$5 a month for the services. It is just about a basic rate. Three years ago, four years ago, five years ago, it went from \$3 to \$10, but it is virtually standard. I am not saying that should be the standard, but I say there can be guidelines.

There can be guidelines on terms and conditions of a general franchise from a legal viewpoint and I think basically that is what you must look forward to, rather than becoming entangled in an area that would be absolutely wrong, I think, to get totally involved in at this time. So I don't think it is six months or a year; I think it is a couple of months of intensive discussion with FCC attorneys and cable

people and your legislators and broadcasters. I am basically a broadcaster, but I think the future is cable.

ASSEMBLYMAN WEIDEL: Do you think maybe we should prequalify cable companies?

MR. HOBLER: No. Let me go back again to the FCC. We had to put in an application, which I would hope would not be as detailed with the local community as it was with the FCC. We had to give a balance sheet of our company, where we anticipated getting our money from, because the FCC wants to know if you are awarded 1350 in Princeton, are you going to go broke the first year or can you handle it? We didn't have to be millionaires but we had to show that we could borrow enough money or get stockholders. You asked the question: What does it cost to build a cable company? The one we are building down on the Jersey Shore is very small because it is a very small system at the moment. In Newark or Trenton or some place else, you are talking about two, three or four million dollars. This is big business. But whether you have four million or twenty million dollars is incidental if you can afford to build it or can borrow it. We were asked: Who is going to run it? It is a little less important locally. What kind of equipment are you going to use and what area are you going to serve? That doesn't mean is it by Core or Jerrold or something else, but are they up to technical standards. Those technical standards you can get right now with the state of the art at the moment. What do you plan to serve the public with your current closed circuit channels that could be available?

I would tell you almost unequivocally in a matter of two or three solid days of give and take with responsible people in broadcasting, FCC, cable, you people and so forth, you will come up with a set of guidelines which I think will satisfy you for the moment and will not hold back the growth of an industry which is in an awkward stage right now.

ASSEMBLYMAN WEIDEL: Before I give up the mike I just want to clarify something. When I was referring to

political type people and accountants and lawyers, I might say I too have an accountant and a lawyer, but the accountant and the lawyer don't own my firm. They represent me. What I was referring to was people who are investors in the ownership of ABC Cable TV or XYZ Cable TV and they are people who are naturally interested in the economic value of being in cable TV and that's what I was referring to.

MR. HOBLER: Let me say that the very first person and a co-incorporator of the Nassau Broadcasting Company was Ralph Mason, an attorney, because I knew that I had to contend with rules and regulations of the FCC, I had to buy property and all kinds of things. I am sorry to say it is hell being a broadcaster, much less a cable caster and having the regulations you have to live with. Many of them are very discriminatory. It is unfortunate but there is quite a business for lawyers involved. I wouldn't get into it without a lawyer as a partner at this point and not for reasons that you may be referring to.

ASSEMBLYMAN WEIDEL: Thank you.

ASSEMBLYMAN FORAN: Mr. Hobler, in connection with the Chairman's questions of the previous witness, we have over 500 and some communities and municipalities in this State. Is it your thinking that we should possibly have a Telecommunications Commission or a Commissioner working through the PUC or a segment of the PUC? Would you be in favor, for example, of allowing 500 different CATV companies to come into New Jersey?

MR. HOBLER: I think the answer to that is that you are not going to stop, I don't think and I don't think you should, competition. Because as you sit and look at the future, should you have one great system as the Bell Telephone system, nationwide virtually, and a few smaller companies?

ASSEMBLYMAN FORAN: In other words, you want to keep competition.

MR. HOBLER: Or do you have the local interest and the local community serviced by a local radio station and

local cable company?

My answer is if it turns out there are 500, which I doubt -- because one of the tragic things that has occurred in cable in the past is that a lot of people who are not knowledgeable about broadcasting, much less cable, have started systems and been undercapitalized and larger companies buy them. This has been the state of the art. This is what has made the giants of the industry at this point. And much of that is good because the know-how of the larger companies can be helpful. But if you wind up with 200 or 250 different franchisees in this State, I see no problem with it if they are going to serve the purpose and serve the public.

ASSEMBLYMAN FORAN: You see no problem in control of that many units?

MR. HOBLER: Well, there are 7,000 AM radio stations and almost 3,000 FM radio stations and I think about 1200 or 1400 television stations in the country. And the FCC somehow wades through it all and we all seem to survive.

ASSEMBLYMAN HOLLENBECK: I think what we are concerned with there is that the radio stations are basically using the airwaves, isn't that right, and the existing television stations are. They can then provide, quote, "interconnecting of services," unquote. I am using that term very broadly there. The question we want answered is: How, because of the nature of cable television, itself, can you guarantee an interconnecting of services from franchise to franchise? And to go one step back before that: Is that desirable?

MR. HOBLER: You see, you are asking a question that I am not sure anybody can really answer and your one-year of deliberation isn't going to solve it.

ASSEMBLYMAN HOLLENBECK: That, to us, is really the crux of the problem.

MR. HOBLER: You are going to lose a lot of sleep if it is the crux. There was a thing called television networks, and I started in NBC television in 1949, the day it

began, and there were 19 stations in the United States connected on the cable. The other stations throughout the country were served with old kinescopes. At that time, people said, should the country be interconnected or should we send film to the West Coast? It is very natural that the country is interconnected by television. But in 1949 or 1950 people couldn't quite visualize what was going to happen. The same thing is true right now. Is it an advantage to have Newark connected with Princeton, connected with Millville on the cable? Probably from a total communications basis, yes. But it scares me a little bit if it is going to be an enforcement unless it happens rather naturally because this is like Big Brother if you start to think about some of the aspects of cable. That is why I turn to the experiences that the FCC will be gathering this year and next year and five years from now. I think the chances are that most communities in this country will be connected eventually, if not by microwave by a satellite or some other form. But I don't think it is something that can be answered now - good, bad or indifferent.

ASSEMBLYMAN HOLLENBECK: O.K. Thank you.

ASSEMBLYMAN WEIDEL: I have one more question, a technical question. If you receive a contract in a municipality and let's say the southern end of the municipality does not have too many people that are interested, but there are a couple, and they are far away from where the cable stops for the rest of the three sectors, do contracts require that you have to provide the service for anyone who asks for it or are there different contracts?

MR. HOBLER: Generally speaking, it does not require you to serve the total community, but in a community with a dense population, I think you may likely be asked how you are going to construct the system. I know in our system in Ohio that we built, we quartered the town out. The cost is approximately \$5,000 a mile to construct cable. To go out to hit three farmers is going to help cause bankruptcy in a

little company just getting started. Down the pike there may be reasons to go further or the population may develop. But in the foreseeable future, I submit there probably will be a certain number of people who will not be on the cable.

ASSEMBLYMAN WEIDEL: Are your contracts exclusive or nonexclusive?

MR. HOBLER: Nonexclusive. A nonexclusive contract, in case you didn't get the language, is in effect an exclusive contract. It is a technicality. In New York City there are three different companies. They split it up. In Philadelphia there are three different companies. But the phone company, frankly, does not want to deal in the average community with more than one cable caster because they have to move their cables in order to put the cable company up. There are certain rules and regulations already set by PUC that says you must have so much space in between certain cables and certain wires. And there is such a thing called "make good" and when you put your cable up, you must put it up at a certain point and if you have to get the phone company to move their cables, you have to pay the phone company for the privilege of having them moved. Furthermore, you just couldn't go down the street with one cable company on one side of the street and one on the other side. It is like the Bell system having three competitors in town. It doesn't make sense. But from a technicality viewpoint, the nonexclusive is an important thing, generally speaking, because it does permit somebody else to come in and start it if they really want it. Economics would dictate otherwise.

ASSEMBLYMAN HOLLENBECK: Thank you.

Mr. Matthews will be next.

J O H N D. M A T T H E W S: Mr. Chairman, I just wanted to briefly exercise the lawyer's prerogative of usurping his clients temporarily. As I listened to the testimony of the two previous witnesses and the questions, particularly of yourself and Assemblyman Weidel, a couple

of thoughts occurred to me that I thought might be helpful to you.

In response to your more specific question, Mr. Hollenbeck, the question of interconnection of all of the CATV systems in New Jersey, is one that the Federal government is actively considering. That's the reason why the Federal government is going to issue its own technical standards. You can't have one set of equipment or one set of technical standards in one town if you want to interconnect it or network with a town in the same state or in another state. In other words, there is a need for national uniformity in technical standards, not just the whole State of New Jersey but the entire country.

We expect - and I think you will find - that the very detailed and specific technical standards for the operation of a CATV system, that is how many DB they have to make, what type of picture the customer at the farthest end of the system has to receive, will be promulgated by the FCC. This is something that there is very little controversy about. The cable industry is working on an ad hoc committee with the FCC and working out the standards. But that is something that nobody is really opposing. And if I had to predict anything that was going to come out of the government this year, it would be this matter of technical standards. I think you don't have to worry about that.

Assemblyman Weidel, in reading the Moratorium Bill and speaking now on behalf of the State Association, I and the State Association could agree entirely and without qualification with the language contained in your sections D and E, concerning the very complex nature of this problem and the requirement that the State proceed with all due deliberation as opposed to hasty speed.

We think that the Moratorium Bill, however well intended, is the wrong legislation for the wrong reason at the wrong time. If there is a problem - and we don't concede that there is - in the award by the municipalities of CATV

franchises, you don't cure that problem by what we consider to be rather extraordinary legislation. It is the first state in the Union in which such legislation has been proposed. The State of Maryland, for example, which had the very same problem that you do before, just a few months ago deferred consideration until the next session of the Assembly to await FCC guidelines and action. They did not, however, at the same time impose a moratorium.

We in the State Association have been somewhat frustrated, quite frankly, and feel it unfortunate that these hearings have in part at least been conducted under a cloud. It is probably unfortunate that they are being held physically in the City of Trenton where there have been some unfortunate indictments recently in matters of that sort. We don't consider that one apple, if it is bad, in the barrel spoils the entire barrel.

I get the impression from listening to your questions, sir, particularly, that there may be some feeling that there is a state of emergency existing in New Jersey with regard to the award of cable franchises. That is not the case. We are collecting statistics which I think you will find quite helpful. - unfortunately they weren't ready for today - to show you the pace of CATV franchise awards in the State in the last six months or a year. When you talk about 300 communities or 500 communities which are left to award cable franchises, there seems to be some sort of unspoken assumption that if something isn't done of a dramatic nature, like moratorium, the horse will be out of the barn and all of those 300 to 500 communities will in fact have awarded franchises before the State's proper regulatory role can be brought to play.

The statistics that we will give to your Committee will show that that is absolutely not the case. It is not unusual for six months or a year or two years to pass before the municipality awards a particular franchise. We don't think there is an emergency situation. We think there are

some bad results of your Moratorium Bill that some of our other witnesses will point out to you.

Mr. Hollenbeck asked the question: How do you develop the full potential with different franchises without over-all supervision? I have been practicing in this business eleven years. The State Association members compose hundreds of years of experience. I and they recognize that we cannot possibly escape all-inclusive regulation of CATV. Mr. Scarpa will testify before you later this morning and he has been authorized to make certain representations to you on behalf of the Chief of the Cable Television Bureau of the FCC as to the imminency of Federal pre-emption and regulation.

We beg you, we beseech you, we urge you to wait the 60 days that is necessary to get these Federal guidelines and then let's cooperate and see what the proper regulatory function of the State should be.

I would like to get back to my regular scheduled witnesses, starting off with Mr. Obozian.

If you have any questions, Mr. Weidel, I would like to respond.

ASSEMBLYMAN WEIDEL: You are telling us that the Federal regulations that all these hearings have been on for the last couple of years will be out in 60 days?

MR. MATTHEWS: Mr. Scarpa has talked with Mr. Sol Schildhouse, the Chief of the Cable Television Bureau of the FCC. I wanted him to reflect the specific phone conversation he had. Mr. Schildhouse has authorized us to publicly tell you today that the Federal government will totally pre-empt the field of cable television, he said, within 45 days. I believe it will be closer to 60 days. Some areas will be delegated back to the states and certain Federal guidelines will be formulated. I think we have to start off with that initial piece of paper.

In addition, Mr. Schildhouse indicated that he would be delighted to talk to Chairman Hollenbeck or any member of this Committee and he would welcome discussing this whole question of Federal pre-emption with you at your

convenience or leisure. He would take a phone call. You can go down to Washington and talk to him. And he has publicly authorized us to make those statements to you today.

ASSEMBLYMAN WEIDEL: Except you don't clear up in my mind the actual awarding of a cable TV contract and whether that community is getting the best cable TV company available at the time. If we don't require --- in other words, there could only be one cable company working in a community.

MR. MATTHEWS: I agree.

ASSEMBLYMAN WEIDEL: I will ask you another question: What effect - this is right to the meat of this - fish or cut bait - what effect would a moratorium have? Cable TV isn't going to go away in a year, is it? You are talking economics now. You are talking about the guys who have the potential of getting a contract and they may have to wait another year, aren't you?

MR. MATTHEWS: Yes.

ASSEMBLYMAN WEIDEL: What devastating effect would it have on the public to wait one year? If these guidelines come out, we can amend this bill, we can do away with it, we can override the bill and pass a bill that says the moratorium is off if it comes out in 45 days or it comes out in 50 days or 55 days or 60 or 70 or 100. But what are we doing to the public by asking the local communities not to award a contract for a few months?

MR. MATTHEWS: I will make a couple of points and my other witnesses will amplify on this also.

First, assuming the legality of the Moratorium Act, which we frankly have some reservations about on a constitutional basis, the first effect will be to deprive the New Jersey consumer in that particular community of the benefits of cable television for at least a year. And you and I can sit here --

ASSEMBLYMAN WEIDEL: You and I can smile on that.

MR. MATTHEWS: I don't smile.

ASSEMBLYMAN WEIDEL: You and I can smile on that.

You have had cable contracts awarded in municipalities for two years and there isn't a cable yet - three years, and there isn't cable yet.

MR. MATTHEWS: There are a lot of reasons for that in the particular circumstances you are talking about.

ASSEMBLYMAN WEIDEL: It is a fact, isn't it?

MR. MATTHEWS: Certainly, particularly in North Jersey.

ASSEMBLYMAN WEIDEL: It is a fact. The question is, were they correct in awarding contract to that company or weren't they? You go before a municipality, you go in front of five committeemen or five city councilmen who are part-time overseers of their municipality and they award a cable TV contract. They don't even know what CATV stands for. They probably haven't seen it. But somebody maybe can go in there and talk them into it. What's the problem in letting two or three people come in? That's what all these hearings and that's what all this testimony finally boils down to. Do you know that there is a companion bill that we didn't act on that requires at least three bids. We didn't act on that bill because we didn't need the bill with the moratorium if the moratorium is to pass. But we don't know whether that is the best thing or not.

MR. MATTHEWS: Let me comment on the Bid Bill. In principle, there is nothing particularly wrong with the bid method of awarding franchises after public hearing. California has been operating under that so-called Browden Act, which was passed out there about eight years ago, for quite some time.

We are submitting to you today, and I will do it at the end, a memorandum pointing out some infirmities in the State Contract Bid statute which you try to incorporate on cable. We don't think it makes sense. If you are going to have bids, you are going to have to write a special thing for cable because an act that talks about the letting of bids

to pave the city streets doesn't apply. I don't think probably any particular amount of study was devoted to that. We prepared a memo which we think might be helpful to you. That is my comment on the bid situation.

My second point, Mr. Weidel, on who will be harmed by the moratorium, again you are assuming an emergency and we don't concede that. There is no emergency in this State.

ASSEMBLYMAN WEIDEL: You are a little wrong on your figures though.

MR. MATTHEWS: On what figures?

ASSEMBLYMAN WEIDEL: There are 524 or 527 municipalities in the State of New Jersey. According to the testimony here, as far as the people who were studying it - you may have more accurate figures - there were 136 already awarded and in the process of awarding probably three-quarters of the rest of them - maybe all of them. The figures aren't definite. So my question, and you are attempting to answer it, is: Where would a one-year moratorium be disadvantageous to the people?

MR. MATTHEWS: Let's assume that 50 franchises were awarded in the next year, which I think our statistics would show would be somewhat of a fair figure based on the past, because your 150 have taken place over six or eight years. The start-up time required is going to take several additional months. Every year you delay is going to deprive the consumer of television service. Now it is not good legislation, in my view, to pass a bill with the idea that it is going to be amended, corrected, as we go along, as we see what the Federal government does.

We know we are going to be regulated. We support regulation in many respects. We are saying, don't jump the gun, and you don't have an emergency that requires it.

ASSEMBLYMAN WEIDEL: You are from Washington and you represent the Cable Communications Association.

MR. MATTHEWS: I represent this State Association and

my clients are located all over the country.

ASSEMBLYMAN WEIDEL: How many members do you have?

MR. MATTHEWS: Well, I am not with the National Association. I am in private practice.

ASSEMBLYMAN WEIDEL: How many members do you have in the State?

MR. MATTHEWS: We have some 25 to 30 members.

ASSEMBLYMAN WEIDEL: How many cable companies are operating in this State?

MR. MATTHEWS: There are 26 operating systems in the State, I am advised.

ASSEMBLYMAN WEIDEL: And you have 25 of them?

MR. MATTHEWS: Do we have them all?

MR. SCARPA: We have 21 members and we have some 20 or 30 applicants who are associate members of the Association.

MR. MATTHEWS: The response to that question, Assemblyman Weidel, was that there were 21 existing systems who belong to the Association and approximately an additional 20 companies, who are members of the State Association, who either have or who are applying for franchises, but who are not yet in operation.

ASSEMBLYMAN WEIDEL: Your colleague referred to "associate members." What did he mean, like suppliers, or 20 more cable companies that are applying?

MR. MATTHEWS: When he says "associate members," he means this: An operating company's dues are based on the number of subscribers they have, a penny every six months per subscriber or something of that sort.

ASSEMBLYMAN WEIDEL: I see. In this material we have here, we have some municipalities where it hasn't been awarded - it is not in operation and he has nothing yet.

MR. MATTHEWS: So if you have a guy who hasn't got subscribers, he can't pay a penny apiece; he would have to pay a flat fee.

ASSEMBLYMAN WEIDEL: But getting back to my original question, then we probably have 40 some cable companies,

whether they are operating or not operating, that are interested in cable TV in New Jersey.

MR. MATTHEWS: Probably more. These are members of the State Association.

ASSEMBLYMAN HOLLENBECK: Can we start with Mr. Obozian's testimony and then we will call you back to answer any questions that might arise from your witnesses' testimony.

MR. MATTHEWS: All right.

M I T C H E L L O B O Z I A N: Gentlemen, my name is Mitchell J. Obozian. I am Chief Steward for the United Electrical, Radio and Machine Workers of Local 158, representing the Bargaining Unit of Jerrold Electronics Corporation.

I AM HERE TODAY TO SPEAK BEFORE THIS HONORABLE COMMITTEE REGARDING THE CABLE TELEVISION INDUSTRY.

PRELIMINARILY LET ME STATE THAT WHEN I SPEAK OF THE CABLE INDUSTRY I REFER NOT TO THE SINGLE OR MULTIPLE OPERATOR WHO MAY OR MAY NOT EARN A PROFIT FROM THIS MAJOR TECHNOLOGICAL ACHIEVEMENT. GENTLEMEN, I SPEAK IN MY CAPACITY FOR THE BREADWINNER WHO DIGS THE FIRST HOLE TO THE TECHNICIAN WHO MAKES THE FINAL CONNECTION INTO A SUBSCRIBERS'S HOME.

BETWEEN THE TIME A CATV FRANCHISE IS OBTAINED TO THE TIME THAT SUBSCRIBERS ARE CONNECTED, AND BEYOND THAT POINT, IT IS THE WORKINGMAN WHO MUST BUILD THE SYSTEM. IT IS THE MAN WHO LIVES IN YOUR COMMUNITY AND MINE, THE MAN WHO PAYS THE LOCAL AND FEDERAL TAXES, WHO PURCHASES FOOD AND CLOTHING AT OUR LOCAL STORES, WHO SUPPORTS OUR CHURCHES, AND WHO SEEKS TO EARN ENOUGH MONEY TO GIVE HIS CHILDREN THE OPPORTUNITIES AND EDUCATION THAT HE HIMSELF DID NOT HAVE. GENTLEMEN, THIS IS THE AMERICAN DREAM.

I ASK THIS BODY NOT TO DESTROY THIS DREAM BY TAKING ACTION WHICH WILL PROVE IRREPARABLE. SPECIFICALLY, I REFER TO THE PROPOSED MORATORIUM ON CATV AND PUBLIC UTILITY REGULATION. IT IS NO SECRET THAT, TODAY THIS COUNTRY IS IN ONE OF ITS WORST ECONOMIC SLUMPS. FOR EXAMPLE, IN MARCH OF THIS YEAR "NEW ORDERS" RECEIVED BY MANUFACTURERS, FELL TO 57.9 BILLION FROM 58.3 BILLION. IN ADDITION, THE PERSONAL INCOME RISE IN APRIL WAS 1.9 BILLION LESS THAN THAT OF MARCH. ON TOP OF THIS, WE ARE NOW CONFRONTED WITH HAVING THE AMERICAN DOLLAR DEVALUED BY FOREIGN COUNTRIES, WHAT THIS BOILS DOWN TO IS THAT THE WORKINGMAN, WHO IS THE LAST MAN ON THE TOTEM POLE, MUST BEAR THE BRUNT OF INFLATION, HIGH PRICES AND POCKETS OF UNEMPLOYMENT.

THERE ARE TODAY APPROXIMATELY 300 TOWNS, TOWNSHIPS, OR OTHER MUNICIPAL DESIGNATIONS IN THE STATE OF NEW JERSEY UNSERVED BY CABLE. TRANSLATED INTO MILES THIS IS APPROXIMATELY 15,000 MILES AVAILABLE FOR CATV DEVELOPMENT. IN MANY OF THESE TOWNS, CATV FRANCHISES ARE PRESENTLY PENDING. THE NUMBER OF DIRECT AND INDIRECT JOBS AVAILABLE FROM THE DEVELOPMENT OF THESE AREAS IS IMMEASURABLE. THE NUMBER OF LOCAL TOWNS BENEFITED THROUGH CONSUMER SPENDING AND THE AMOUNT OF STATE AND LOCAL TAXES TO BE DERIVED IS LIKEWISE IMMEASURABLE. MOREOVER, I MIGHT ADD THAT IN LOCAL 158 WE HAVE 132 WORKERS RESIDING IN THE STATE OF NEW JERSEY. HOWEVER, GENTLEMEN, THE PASSAGE OF EITHER PUBLIC UTILITY REGULATION OR OF THE MORATORIUM BILL WILL MEAN THAT THE CONSTRUCTION PART OF THIS INDUSTRY, BOTH IN PLANT AND OUTSIDE WILL BE SEVERELY CURTAILED. THIS WILL RESULT FROM THE CESSATION OF ORDERS AND WORK BROUGHT ABOUT BY PROTRACTED LEGAL HEARINGS, STUDYS, COUNTERSTUDYS, MOTIONS, CONTINUANCES BRIEFS AND FURTHER DELAYS. ONE ONLY NEED TO LOOK TO THE EXPERIENCE OF

THE FEDERAL GOVERNMENT IN THIS AREA. DILATORY ACTION HAS BEEN THE RULE RATHER THAN THE EXCEPTION. PATCHWORK REGULATIONS, SPECIAL EXCEPTIONS AND WAIVERS AND EVEN COMPLETE REVERSALS OF POSITIONS, HAS CREATED A MORASS OF A NO MAN'S LAND; AND GENTLEMEN, THE LOSER ON THIS COUNT HAS NOT ONLY BEEN THE CATV OPERATORS, THE FEDERAL GOVERNMENT AND THE VIEWING PUBLIC, BUT THE WORKINGMAN WHO HAS BEEN DEPRIVED OF WAGES BECAUSE OF THE UNCERTAINTY FROM THE CORPORATE BOARDROOMS AS A RESULT OF THIS PROTRACTED REGULATION. GENTLEMEN, LOST WAGES CANNOT BE RECOVERED. THE ANXIETY AND MENTAL DEPRESSION RESULTING FROM BEING OUT OF WORK HAS TAXED THE STRENGTHS OF MANY A MAN.

I PLEAD WITH THIS BODY TO REASSESS ITS POSITION ON THE MORATORIUM BILL AND TO REJECT PUBLIC UTILITY REGULATION FOR SURELY, GENTLEMEN, IF EITHER PASSES, THE ABUSES IF ANY, SOUGHT TO BE RECTIFIED WILL BE MINISCULE TO THOSE CREATED!

THANK YOU GENTLEMEN

ASSEMBLYMAN HOLLENBECK: Thank you. Any questions?

ASSEMBLYMAN WEIDEL: Jerrold - correct me if I am wrong - is the largest supplier of cable TV in the United States, is it not?

MR. OBOZIAN: May I answer you by saying I am here representing union people and, if you are going to ask me technical questions, as a bargaining agent trying to get money from a company, we are not aware of some of these facts.

ASSEMBLYMAN WEIDEL: Then you don't have to answer that question. Would you answer another question?

MR. OBOZIAN: If I can, I will be glad to.

ASSEMBLYMAN WEIDEL: You say 132 of your members live in New Jersey. Where do they work?

MR. OBOZIAN: They work at Jerrold.

ASSEMBLYMAN WEIDEL: Where is Jerrold located?

MR. OBOZIAN: 15th and Lehigh.

ASSEMBLYMAN WEIDEL: Where?

MR. OBOZIAN: In Philadelphia.

ASSEMBLYMAN WEIDEL: How many people does Jerrold employ - total employment?

MR. OBOZIAN: I don't know total employment. The bargaining unit has now reached 602 people.

ASSEMBLYMAN WEIDEL: You bargain for all employees. You represent a bargaining unit for all employees.

MR. OBOZIAN: At Jerrold Electronics, at 15th and Lehigh, Philadelphia, Pennsylvania.

ASSEMBLYMAN WEIDEL: They have other plants.

MR. OBOZIAN: No other plants.

ASSEMBLYMAN WEIDEL: So what you are in fact saying is if we have a moratorium and we are just now ready to lay that cable -- I don't know whether we are ready to lay the cable today any place or not, to be perfectly honest with you. I don't know whether there are 50 jobs to be done or 5 jobs or no jobs. The moratorium hasn't passed yet. By the way, how many cables were started since we had our first hearing a month ago - how many were laid from April to now?

MR. MATTHEWS: We are going to give you those statistics.

MR. OBOZIAN: I don't have those statistics.

ASSEMBLYMAN WEIDEL: What I am trying to find out is what effect a moratorium in New Jersey would have on those 132 people, what direct effect? Is there an implication they would be laid off?

MR. OBOZIAN: Well, all I can say is that when the FCC passed a ruling, we lost over 50 per cent of our membership, as far as our bargaining unit is concerned and we are not aware of all these hearings that go on as bargaining people. It is usually the employers and the people who run the stations that are aware of these hearings. But our purpose

any time these hearings come up is to come and tell you people, as we have done in Washington in the past, that we are losing jobs. We are concerned with what happens in any state, whether we have people working in that state or not. We feel as the biggest in the industry and one of the leaders that we have a pretty big bite of the action as far as our people are concerned.

You have asked previous witnesses what effect a one-year moratorium will have. I dare say if you were to talk to the working men and working woman who work in the plants and build the equipment for all these systems, you might get your answer. And I am sure it would not be put as eloquently as it has been put today. You have to get down to the grassroots, the working people, the people who make this country run. Unfortunately they are not as up on things as they should be, but nothing is made available to the working people as to what is really going on. The jobs are being lost and they take it as it comes. But we say it is not in the best interest of the people.

ASSEMBLYMAN WEIDEL: But you are here testifying before us in the Assembly Chamber of the State of New Jersey.

MR. OBOZIAN: Right.

ASSEMBLYMAN WEIDEL: Jerrold manufactures component parts for cable TV.

MR. OBOZIAN: Right.

ASSEMBLYMAN WEIDEL: And there are 602 people in your bargaining unit in Philadelphia.

MR. OBOZIAN: Right now.

ASSEMBLYMAN WEIDEL: And they make component parts for all the states. I want you to answer this question now: If there is a moratorium for one year, are 132 people going to lose their jobs in New Jersey?

MR. OBOZIAN: I will answer you with a question. Can you guarantee me there won't be any jobs lost in a year?

ASSEMBLYMAN WEIDEL: I don't know what you are doing in Ohio or South Carolina or North Carolina or New York with

cable TV.

MR. OBOZIAN: I will say to you that we are here in Trenton in the State Capitol in the Assembly Chamber and we are talking about a one-year moratorium. And can you tell me if we will lose any jobs in Philadelphia or in Jersey? This is our point. This is why we are here.

ASSEMBLYMAN WEIDEL: Your implication is that you will.

MR. OBOZIAN: Certainly, certainly. Another thing, the people in our bargaining unit feel if the Moratorium Bill is passed, it is not in the best interest of the American public in this day and age with all the work that is being sub-contracted to foreign shores. You sit here and ask: What will one year do? In one year, we may be out of business by the way the work is being sub-contracted to foreign shores. The electronics industry is completely disintegrating before our eyes and we are here talking about what will one year do. No one can answer the question, no one here.

ASSEMBLYMAN WEIDEL: You mentioned a figure of contracts awarded. Did you mention that 200 contracts were awarded?

MR. OBOZIAN: No. I don't know anything about contracts unless it is one of our working contracts. That I think I have some expertise on.

ASSEMBLYMAN HOLLENBECK: You sound like you have. Thank you.

Mr. Sellers.

P R E S T O N S E L L E R S: Gentlemen, my name is Preston Sellers and I am the President of Local 158 of the United Electrical Workers and I live in Pennsauken, New Jersey.

I am here to speak today on the Moratorium Bill and the Public Utility regulation of the CATV industry, specifically their effect on the emerging role of minority groups in the construction industry.

GENTLEMEN, IT IS NO SECRET THAT FOR ALMOST A CENTURY AFTER THE CONCLUSION OF THE CIVIL WAR, MINORITY EMPLOYMENT IN THE CONSTRUCTION INDUSTRY HAS BEEN AT THE LOWEST PAID AND AT THE MOST MENIAL JOBS. IN THE LAST DECADE WE HAVE WITNESSED A BELATED AWAKENING OF AMERICA'S CONSCIENCE. THIS OF COURSE HAS RESULTED IN EXPANDED OPPORTUNITIES FOR THE MINORITY WORKER. THESE OPPORTUNITIES HAVE BEEN IN EMPLOYMENT, ON THE JOB TRAINING, AND PROMOTION. WE ARE THEREFORE, BEGINNING TO TAKE OUR LONG OVERDUE PLACE IN THIS COUNTRY. THIS, HOWEVER, IS NOT TO SAY THAT WHEN HARD TIMES PREVAIL THAT THE MINORITY WORKER IS THE FIRST TO GO. IN OTHER WORDS GENTLEMEN, THE MINORITY WORKER IS AT THE THRESHOLD!

NOW THAT WE HAVE SECURED COOPERATION AND ASSISTANCE FROM BOTH INDUSTRY AND UNIONS, WE ASK THIS LEGISLATIVE BODY NOT TO DEPRIVE THESE PEOPLE OF THE GAINS MADE. IF THE MORATORIUM BILL OR THE PUBLIC UTILITY REGULATION OF THE CATV INDUSTRY IS ENACTED, FUTURE EMPLOYMENT WILL BE RESTRICTED.

ON THE JOB TRAINING WILL BE CURTAILED AND THERE WILL BE A HIATUS THAT CAN BE ILL AFFORDED BY THE MINORITY WORKER. WE READ TODAY OF ENGINEERS FOR THE AVIATION INDUSTRY TAKING JOBS AS WAITERS AND CAB DRIVERS. GENTLEMEN, DO YOU THINK THAT MINORITY WORKERS WOULD FARE AS WELL?

THERE IS NO DOUBT THAT THE MORATORIUM BILL AND THAT PUBLIC UTILITY REGULATION WILL RESULT IN ENDLESS DELAYS AND HEARINGS. THESE DELAYS WILL DRIVE MANY MINORITY WORKERS OUT OF THE CONSTRUCTION INDUSTRY AND SEVERELY RESTRICT THE ENTRANCE AND ADVANCEMENT ABILITIES OF OTHER MINORITY WORKERS.

MOREOVER, GENTLEMEN, THE ASPIRATIONS AND OPPORTUNITIES OF MINORITY WORKERS IN THOSE TOWNS WHERE CATV IS NOT YET AVAILABLE OR PENDING WILL ALSO BE SEVERELY RESTRICTED. THOSE INDUSTRIES AND BUSI-

NESSES WHICH ARE SUPPORTIVE TO THE CATV INDUSTRY WILL NOT DEVELOP AND EXPAND. CONSEQUENTLY, EMPLOYMENT, PARTICULARLY MINORITY EMPLOYMENT, WILL BE CONSTRICTED.

AS YOU GENTLEMEN ARE WELL AWARE, THE FEDERAL GOVERNMENT, THROUGH THE EXECUTIVE BRANCH, PARTICULARLY, THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION HAS MADE CONSIDERABLE HEADWAY IN SECURING EQUAL OPPORTUNITIES TO MINORITY GROUPS. ONE OF THESE PLANS FOR EXAMPLE, IS THE PHILADELPHIA PLAN. THE VIABILITY OF ANY PLAN, HOWEVER, OR PROGRAM DEPENDS UPON WORK BEING AVAILABLE. YET, IF A MORATORIUM IS ENACTED OR IF PUBLIC UTILITY REGULATION IS ENACTED, WORK WILL NOT BE AVAILABLE - TO ANY GROUP. MINORITY WORKERS ONLY ASK FOR THE OPPORTUNITY TO WORK AND TO PROGRESS EQUALLY. DO NOT DEPRIVE US OF THIS OPPORTUNITY TO PROGRESS AND GROW WITH THIS INDUSTRY. I ASK THIS COMMITTEE TO RE-EVALUATE ITS PROPOSAL FOR PUBLIC UTILITY REGULATION AND TO SERIOUSLY RETHINK ITS POSITION ON THE MORATORIUM BILL, PARTICULARLY IN LIGHT OF THE EFFECT IT WILL HAVE ON LOCAL, STATE AND FEDERAL MINORITY EMPLOYMENT.

THANK YOU GENTLEMEN

ASSEMBLYMAN HOLLENBECK: Thank you.

ASSEMBLYMAN WEIDEL: I guess the same questions that applied to the previous speaker would apply to you, sir.

MR. SELLERS: Probably, yes.

ASSEMBLYMAN WEIDEL: You are taking a different tact in that you are against all regulations, according to your statement. Some of the previous speakers have admitted that we do need some type of regulation. What it will be, we are not sure. But you are against the Moratorium Bill or the Public Utility regulation.

MR. SELLERS: I am not against all regulation; I am against regulation where jobs are going to be affected, regardless of what they are. If anybody is going to get hurt by a regulation, laid off or unemployed, I am against that.

ASSEMBLYMAN WEIDEL: We are against that too. But I think, as I said previously, the same questions I asked the other gentleman apply to you. So there is no reason to ask them again.

You are the fellows then who are out in the field, on the road?

MR. SELLERS: No, we build the systems.

ASSEMBLYMAN WEIDEL: They build the systems and you people supply the parts.

MR. SELLERS: We are both in the same plants. We build the system.

ASSEMBLYMAN WEIDEL: I follow you.

ASSEMBLYMAN HOLLENBECK: Thank you.

Mr. Loyd.

E D W A R D B. L O Y D: Good afternoon, gentlemen. I have a prepared statement here, but after listening to some of the questions, I would like to go right into the questions and answers.

ASSEMBLYMAN HOLLENBECK: Fine. You can submit a copy of your prepared statement to Mr. Lee if he doesn't already have it.

MR. LOYD: He does have it.

ASSEMBLYMAN HOLLENBECK: That will be made part of the record and we will go right into the questions and answers. We plan to go right through now until we are done. We have about four more people.

[Written statement submitted by Mr. Loyd can be found on page 100.]

MR. LOYD: First of all, I am President of the Essex Cable TV Company. I started in cable television

approximately four and one-half years ago. I can say honestly that I was one of the first Blacks in the United States to receive a franchise - the first in the United States to receive a franchise.

I was extremely shocked when I heard about the New Jersey Legislature passing a moratorium on cable television. I said to myself, "My gosh, why are they having a moratorium on cable television because two or three people did something wrong, dishonest or something?" None of that has been proven as yet. So I said, "There has to be some sort of an emergency." But after listening here this morning, I don't see any emergency or any reason for a moratorium.

I think personally with this Committee, it was somewhat of a cop out. They said, "We don't know what we should do, so let's stop, stop everything now for one year and then perhaps we will know what we are going to have to do next year." I think that is a cop out. I don't think it serves any meaningful purpose.

I am also somewhat against Public Utility regulation because I have seen what happened to a state once the Public Utilities move in. I have several franchises in the State and I have several applications pending. So this Moratorium Bill really would hurt me. It would hurt me economically.

ASSEMBLYMAN FORAN: May I interrupt for a question?

MR. LOYD: Yes.

ASSEMBLYMAN FORAN: You say you have several franchises in the works right now?

MR. LOYD: Yes.

ASSEMBLYMAN FORAN: How long does it take you to close these normally, to know whether or not you get them or you don't get them?

MR. LOYD: I only can go by my past record. I worked two and one-half years before I received my first franchise in South Orange, New Jersey. I have been working in West Orange now for four and one-half years and I haven't received any franchise yet. It is still pending. I have

been working several other towns in Essex.

ASSEMBLYMAN FORAN: How many installations do you have, sir?

MR. LOYD: None, no installations as yet.

ASSEMBLYMAN FORAN: You are not operative.

MR. LOYD: No, we are not.

ASSEMBLYMAN FORAN: You are worried about the moratorium that probably won't be able to be passed this year because the Senate is not coming back.

MR. LOYD: Excuse me?

ASSEMBLYMAN FORAN: You are probably worried about the moratorium the Senate is not going to be taking any action on until possibly November, which is another five or six months from now.

MR. LOYD: I wasn't aware of that. I was under the impression that the Senators were coming back on the 14th of June and vote on this.

ASSEMBLYMAN FORAN: Maybe they will and maybe they won't. I don't know. What I am concerned about is that there has been an awful lot of talk about anti-moratorium. Are you aware of what has been uncovered in the awarding of franchises for cable television, in not one or two instances, but rather rampant throughout the State of New Jersey?

MR. LOYD: Sir, I disagree with you there very strongly. What you are saying is, all of the politicians ---

ASSEMBLYMAN FORAN: By direct testimony in front of this Committee.

MR. LOYD: Sir, regardless - I take issue with one of the particular people who testified before here, Sam Kravetz up in Morris County, Morristown. I was applying several places where Sam Kravetz was applying for franchises. Through Mr. Scudder of the Newark Evening News ---

ASSEMBLYMAN HOLLENBECK: Excuse me. Give me a little geneology of these companies. Is Mr. Kravetz the sole owner of his company in the Morris County area or is he controlled, to your knowledge, by a company working out of Massuchetts,

the Boston area?

MR. LOYD: This, I do not really know.

MR. SCARPA: There is no connection to our knowledge.

MR. LOYD: I wouldn't want to comment on that.

Well, I went up to Morristown and Morris Township and all those towns up there. I have had a number of meetings with them and not once did anyone come up to me and say, "Well, you can have this particular franchise for \$1,000 or \$3,000."

With this moratorium you are saying that all of the CATV guys in the State are crooks and all of the municipal fathers are crooks. That is the only thing I can see in this particular moratorium.

ASSEMBLYMAN HOLLENBECK: Let me interrupt here. I think that any allegation that we proposed a moratorium because of corruption is totally in error. We had discussed the moratorium among the members of this Committee before the hearing started and we had already begun the text of a draft of the bill before any allegations were made by Mrs. Hall or Mr. Kravetz. If I remember correctly, we released our statement to that effect at the Noon recess. Isn't that your recollection, Assemblyman Weidel?

ASSEMBLYMAN WEIDEL: Yes.

ASSEMBLYMAN HOLLENBECK: We released this at the Noon recess.

While we are concerned with crime and allegations of extortion - and as public officials we have passed them on to the proper authorities who are acting on them - our main concern is with the question of regulation of this industry and with the problems of fragmentation, etc., etc., which we have been discussing this morning.

Now for you to come up here and say that our moratorium is a cop out because there were certain allegations of corruption made is totally in my mind out of order and a totally unjust criticism of this Committee and of the members of the Legislature. I want to make that clear.

MR. LOYD: Sir, first of all, that wasn't the meaning. I am not saying the reason why you ---

ASSEMBLYMAN HOLLENBECK: Let's get into the area of regulation. Let's get away from corruption. We are not an investigatory body. We can do nothing in that area but follow up pending investigations. There are some going on. There are on-going investigations in just about every county in the State as a routine matter of business in the local Prosecutors' Offices and I do not intend to get embroiled in that type of controversy and foul up the normal course of justice.

Now we want to confine the remarks to regulation right now unless you have some specific allegations otherwise. We are not going to bandy back and forth innuendos and accusations.

MR. LOYD: Can you tell me the reason for this particular moratorium? I stand to be corrected.

ASSEMBLYMAN HOLLENBECK: We just said the reason. We have been saying it all morning.

ASSEMBLYMAN WEIDEL: I would like to answer you, sir. Did you read the bill?

MR. LOYD: Yes, I did.

ASSEMBLYMAN WEIDEL: Did you read Sections D and E, which were quoted by Mr. Matthews?

MR. LOYD: Yes.

ASSEMBLYMAN WEIDEL: I am not going to read the whole thing, but it says, "The need for appropriate regulations to secure and foster the orderly development of community antennae systems . . ." Then in the next paragraph, it says, "The exceeding complexity of the legal, social, technological and scientific issues, questions and implications involved require that the Legislature not act hastily in resolving the many doubtful points in this matter or in adopting any system of regulation, but should proceed with thorough information, expert advice, and mature deliberation." And that is the whole intent of the Moratorium Bill to give time,

if time is needed. And the word I was looking for before that I couldn't grasp was "repeal." An act can always be repealed and Mr. Matthews says the FCC regulations will be forthcoming in 45 days. Let's hope they come forth in 30 days. And if this act were passed, which it isn't yet, but if it were, we could repeal it.

What we are trying to do is get some coherence out of testimony which we received that is a little confusing. But you are speaking directly to the bill and I appreciate your comments.

MR. LOYD: There is still one other question I would like to bring up. As to the proposal of regulation by the Public Utilities, I think cable television is a completely different animal from utilities. What I am doing now is just amplifying some of the things said here this morning.

Cable television companies have to sell themselves. First of all, in my particular area we are in what is known as the top 100 market area, the people frequently get reception off the air in some portions of the towns in which I am involved. We have to sell them something that they don't have now. A gas and electric company or a phone company - not a phone company necessarily, but I guess that is a kind of necessity also -- but gas and electric and water - things like that should be under Public Utilities. I don't see where cable television should be under a public utility regulation.

ASSEMBLYMAN WEIDEL: Then you are suggesting this second office, this Telecommunications Office.

MR. LOYD: Excuse me.

ASSEMBLYMAN WEIDEL: There is a second office which has been mentioned, a Telecommunications Office, which would formulate rules, and it would be handled, as you said, differently than PUC does with water, electric and gas.

MR. LOYD: Right.

ASSEMBLYMAN WEIDEL: But you are not against regulations, per se?

MR. LOYD: Not, per se, no. I think all of us know

that some form of regulation is going to have to come for this industry soon. I feel sure it is going to be Federal. I don't think the State has the wherewithal to handle such a complex matter as cable television.

ASSEMBLYMAN FORAN: Mr. Loyd, you state that you have various franchises, but they are not in operation.

MR. LOYD: Yes, sir.

ASSEMBLYMAN FORAN: When do you anticipate being operative?

MR. LOYD: We had some internal problems in our company about a year ago. These internal problems have been cleared up now. Under one of these particular franchises, we have to come into operation by the end of June, and we will.

ASSEMBLYMAN FORAN: You are imminently ready to go then.

MR. LOYD: Yes, we have done all the engineering and everything with the exception of signing the contract with them.

ASSEMBLYMAN HOLLENBECK: O.K. Thank you.

MR. LOYD: Thank you.

ASSEMBLYMAN HOLLENBECK: Mr. McGinty.

E D W A R D J. M C G I N T Y: Chairman Hollenbeck and members of the Committee, I sincerely appreciate the opportunity to appear here today. My name is Edward J. McGinty, and, together with my father and my two brothers, I own and operate the Atlantic Coast TV Cable Corporation, in Atlantic City and Brigantine, of which I am a resident and have been all my life. We have been operating this system for about 20 years now.

Since our system was one of the first systems in New Jersey, I would like to give you a little background on the type of industry CATV is and the kind of people it attracts.

Our own story really begins in the post-Depression period. We started with literally nothing. Thus, after my father lost

his job in the Depression, he started anew, first renting radios, then eventually opening up his own radio store. At the time we first became interested in CATV - of course, it wasn't really CATV then - we had a small record shop. Television was just coming in, and because we had this interest and experience with radios, we did some business installing home television antennas.

An engineer, Milton Schapp, who was extremely creative and inventive, one day approached us with an idea he had been working on. In very brief and elementary terms, he had developed a little booster unit, a black box you attached to your television set which removed the "snow" on the picture. To do this it amplified the signal. His idea was to improve and enlarge this little black box, and build in a capability to split or cascade the signal so that television reception could be improved on a whole series of sets from one single antenna.

We thought that this would be a good idea, for, as those of you who live in apartments are aware, it is frequently very hard to get a good signal with just an off-air antenna due to the interference. So in 1949, we used Schapp's system to "wire" our first apartment house. All this did was to improve the reception on viewer's television sets -- but that was enough. People wanted the improved reception, and when they found out that this was possible, asked us for the service.

So, between 1949 and about 1952, we gradually expanded our service. Of course, every installation involved a substantial cost, but we reinvested our capital earned from each installation in order to be able to meet the initial cost of wiring another apartment. During that period, we must have "wired" about 50 apartment houses.

Starting somewhere around 1952, we began to do what we called "blockbusters." That is, instead of wiring just one apartment house at a time, we would wire a whole block at a time. This enabled us to choose the best antenna on the block, and use that antenna alone to serve the entire block. And of course, that meant better service and reception to our subscribers.

Up until this point, the development was geographically very slow and steady, as we developed first on a house by house and then on a block by block basis. However, in the early fifties, we got permission from the telephone company to lease poles from them for our service. That meant that we weren't restricted to the gradual increments of block-by-block growth, but we could wire whole parts of the city.

Keep in mind that up to this point, the service we were offering to people was only that of improving their television reception. We didn't offer any additional channels and of course, we weren't doing any origination. It was solely a case of making something they already had a lot better. And keep in mind, too, that this wasn't something that was pushed down people's throats. People didn't have to buy our service -- they wanted it. It was really a case of someone having a bright idea and someone being willing to risk time and money to see if it would sell.

Eventually, we decided to try another new idea, this time something you would be more likely to associate with cable television: bringing in distant signals. In 1957 we obtained a franchise from the city, incidentally, one of the first franchises in New Jersey. It was a year-by-year franchise, which was changed in 1965 to one with a more extended term.

In any event, in 1959 or so, we started using microwave to bring in signals from New York. This, of course, increased the attractiveness of our service to subscribers and enabled us to grow significantly.

Indeed, today we have 105 miles of plant and 18,500 subscribers -- quite a leap from that first wired apartment house. Over the years, we have rebuilt the system three times -- technology and demand keep growing and we want to keep up with them both.

In contrast to our initial operation, where all we provided was better television reception, we now provide subscribers with eleven television signals and one channel of our own origination. Now we are feeding the 13th channel on an experimental basis.

Significantly, we began originating our own programs on our system about ten years ago, when our system was much smaller than it is now. Some of you may know that the Federal Communications Commission only in April of this year began to require systems to engage in program origination -- we were about ten years ahead of the game on that score, primarily because we thought that providing this type of capability would be a valuable contribution to the Atlantic City community.

We have been originating convention programs for over five years, making Atlantic City the only major convention city to offer a citywide TV channel, exclusively for the convention trade, such as, the Democratic Convention, the School Administrators, etc.

The amount of originations per week varies somewhat -- we do between six and twenty-five hours per week. Much of this is community-oriented programming. The local high school has a studio, and the students use these facilities to originate their own programs. This way,

many of Atlantic City's young people are gaining valuable experience which may lead to future careers. We use these students to do various local shows, annually one being the March of Dimes Telethon which has progressed over the years. This past show, we raised \$57,000, which is a national record for a March of Dimes Telethon.

Providing such opportunities is, I think, just another example of the way that cable television tends to respond to the needs of the communities it serves. I want to stress that word "respond," for as you can see, from the beginning it has never been a case of CATV forcing itself on subscribers. Rather, it has been one of CATV providing a service which people need and want. And because CATV is not an essential service, and can be dropped by a subscriber at any time, we have to continually work to update our techniques and make innovations in our service.

And that, of course, requires the utmost in wise regulation. In the early days, when we were still experimenting with our service and trying to develop CATV into what it is today, we didn't have much regulation at all -- and you can see the result of that. Given the freedom to create, we developed an industry with still as yet unknown potential. And to realize that potential, we must retain the type of early freedom to innovate.

In sum, you can see that CATV is the child of individuals with ideas and the daring to try to make those ideas work. Our industry must continue to attract such individuals if the public is to reap all the possible benefits technology can offer us. And that can be done only if government regulation is kept to a minimum, so that people will in fact be tempted to try out their creative ideas. Therefore, I urge

that the legislation you are presently considering be rejected. Its result could only be to artificially stunt the growth of what has been - and should continue to be - an innovative, service-oriented industry.

From our past performance you can see that if we felt that PUC regulations would be good for the industry or the public, we would be the first to endorse that.

If you gentlemen would care to visit our CATV system, we would be only too glad to accommodate you. Thank you.

ASSEMBLYMAN HOLLENBECK: Thank you.

Are there any questions?

ASSEMBLYMAN WEIDEL: You mentioned you have 105 miles of plant, did you not?

MR. MC GINTY: Yes, sir.

ASSEMBLYMAN WEIDEL: Is that confined to the City of Atlantic City?

MR. MC GINTY: Atlantic City and Brigantine.

ASSEMBLYMAN WEIDEL: Do you have a contract with Brigantine?

MR. MC GINTY: Yes, we do.

ASSEMBLYMAN WEIDEL: Why aren't you in Pleasantville?

MR. MC GINTY: Well, to be honest with you, there is another system operating there.

ASSEMBLYMAN WEIDEL: Oh, there is a system.

MR. MC GINTY: Yes. There are systems completely surrounding us.

ASSEMBLYMAN WEIDEL: I see.

MR. MC GINTY: To be specific as to why we didn't take the franchise, as you can determine from the way we built our system, we just weren't economically capable of going into a large community of that sort and giving the people the service we felt they were entitled to that somebody else could have given them at the time.

ASSEMBLYMAN WEIDEL: You say you have 13 channels or 12 channels?

MR. MC GINTY: We are operating now with 12 channels which is all a TV set is capable of handling. We have now installed a modulator that will pass - it is called channel "i" which is channel 7 minus 1. And this is being fed through the system now and with that set top converter that you saw on the slides, you will be able to convert this channel down.

ASSEMBLYMAN WEIDEL: How many channels operate in Pleasantville?

MR. MC GINTY: Twelve channels.

ASSEMBLYMAN WEIDEL: How many operate in Wildwood?

MR. MC GINTY: Twelve.

ASSEMBLYMAN WEIDEL: Is 12 the maximum?

MR. MC GINTY: Well, 12 is the maximum that a set will accept at this time and with the state of the art it is questionable just how good quality these converters are at this date. I am sure they are going to come.

ASSEMBLYMAN WEIDEL: I believe there was testimony here at the first hearing there could be 80 channels.

MR. MC GINTY: These people that are talking about 80 channels are talking about ---

ASSEMBLYMAN WEIDEL: Forty was mentioned.

MR. MC GINTY: You could put as many channels in as you want. You could put 120 channels if you want to run 120 lines down the street. There is no limit to what can be done, but what is practical at this time and what is working at this time -- In Pennsylvania, I think, going back a couple of years, there is a 24-channel system, but what it is in fact is two 12-channel systems. There are double cables running down each street, double amplifiers on the poles. Basically it is the same type system everybody has. It is just a double.

ASSEMBLYMAN WEIDEL: You have a very well regarded company.

MR. MC GINTY: Thank you very much. We work very hard at it.

ASSEMBLYMAN HOLLENBECK: Thank you very much.

MR. MC GINTY: Thank you.

ASSEMBLYMAN HOLLENBECK: Mr. Wood.

F R E D M. W O O D: Chairman Hollenbeck and members of the Committee, it is a pleasure and a privilege to appear before you today. My name is Fred M. Wood, and I am president of Holly City Cable TV, which operates a CATV system in Millville, New Jersey. We probably have one of the smallest in the State. It is a typical small community system not owned by a large corporation but by five local people.

I would like to take this opportunity to discuss with you a subject which is much discussed but, unfortunately, little understood, namely, the procedures and problems involved in getting a CATV system started.

I came to cable television after 30 years in the radio broadcasting business and 13 years as owner and operator of a radio station in Millville, where our system is located.

My experience in radio made cable television a logical next step, so, in 1964, we made the decision to shift gears and obtained a franchise from the city.

But the service didn't start then, for we still had significant hurdles to overcome. A CATV system requires a tremendous initial capital investment, and so, of course, we had to secure financing. And we had to make decisions about what sort of equipment we wanted to use. These kinds of problems and decisions were absolutely minimal, however, when compared to the others.

Thus, for example, we wanted to serve our subscribers by bringing in so-called distant signals -- signals our subscribers could not otherwise receive on their television sets. This requires a waiver from the Federal Communications Commission in Washington, D.C. a waiver that took us two long years to obtain.

And then we ran into a problem with the telephone company, which reneged on its agreement with us. So we had another battle to fight, this time with the telephone company, with the Public Utilities Commission on the sidelines. By the time we had gotten that straightened out, another year had gone by.

So you see, it took us a total of three non-productive years from the time we got our franchise to get to the point where we could offer service to our subscribers. During those long three years, we had to wait for the action of various regulatory commissions, hoping that action would be forthcoming. We had to negotiate with various parties, like the telephone company, hoping that we could get business arrangements finalized.

While this was going on, of course, we had no income coming in, even though we were expending money in overhead and in trying to construct part of our plant. And, of course, inflation was continuing all through this waiting period. So apart from the maddening frustration at continually being thwarted in our attempts to proceed swiftly, we were also suffering a very real and measurable expense due to this delay. Thus, I would estimate that the three year delay caused approximately a 15 percent increase in our total costs!

Also of great importance was the fact that our franchise had a construction deadline which we really wanted to meet. And this was not just a case of recognizing a mere contractual obligation, although of course, that played a part. We recognized that we had made a promise to the city and we wanted to live up to that promise. And we knew that our subscribers wanted and deserved to get service on time.

So, as the 1967 deadline drew near, we worked and worked to be able to meet it. And, despite all the waiting and problems we encountered, we hooked up our first subscriber on January 1, 1967, right on time.

That didn't mark the end of our problems, however. You see, we purchase our microwave service from a common carrier. And that common carrier, which is regulated by the FCC, has to get authorization from the FCC to serve us. Obtaining that authorization took another six months. And then we had another six-month wait before service was instituted.

Our experience is, I think, typical -- in fact, we may even have been luckier than others. Even so, it took us three long and expensive years of regulatory hassling before we were ready to begin service. And, at the same time, we had a commitment to begin service by a certain date, a commitment that we conceivably might not have been able to meet -- the fact that we did in fact meet it was due to a lot of hard work and a little luck -- much of the delay was due to factors which were simply out of our control.

The moral of the story is that starting a CATV system isn't the breeze it is sometimes said to be. You have to deal with too many outside parties, and clear too many regulatory hurdles to be able to plan much in advance. It takes sufficient financial backing to weather the lean years when all you are doing is waiting for regulatory agencies to act. It takes lots of time, lots of work, and, most importantly, lots of patience.

You will note that most of our delay was attributable to the action -- or, too often, inaction -- of outside regulatory bodies. Adding another layer of regulation would so complicate and confuse matters

that the potential for delay would be staggering enough to discourage all but the heartiest investors. And it would just add to the already existing morass of regulatory objectives, objectives which often conflict.

Thus, you will recall that we had a construction deadline in our franchise. This was a deadline we wanted to meet and did meet. But we met it despite, not because of, the action of other regulatory agencies which had other goals and problems in mind. The problem would just be magnified if we had to work under an additional layer of regulatory burden.

Once we got started, we concentrated on bringing our subscribers the highest possible quality of service even though we had debt from our initial investments. We have expanded our plant, adding 12 miles to the original sixty. We have tried to serve as an outlet for local expression by providing five hours a day of local origination. All our programs are locally originated -- we do not show any movies or syndicated series. Incidentally, we have been doing this for three years, so we started originations three years before they were required by the Federal Communications Commission.

These originations often provide a vehicle for discussion and presentation of issues of local public importance. For example, at one time, there was a sewer referendum, and we provided both sides an opportunity to air their views on our system. Today, the 18th of May, the citizens in Millville are voting on a school bond issue, and we have donated many hours of television time so both sides of the issue could be heard. We have presented programs on drugs and on juvenile problems. We have a daily educational quiz show, one which is so popular

with the young people in the community that we have formed a bowling team of kids from the show. We do two local news programs daily, ministerial programs, high school sports, strictly local and no syndication.

It is this kind of community service which CATV is uniquely able to provide. CATV can serve its community directly and tangibly offering an important local forum for discussion of issues and thus contributing to creation of a community awareness which is too often lacking.

But in order to provide this kind of service -- service which, incidentally, is not a money-maker -- CATV has to exist in a regulatory environment conducive to optional flexibility and growth. As I've tried to indicate to you today, starting a CATV system is not an overnight proposition. Regulatory constraints and even ordinary business delays and problems all make it a time-consuming, frustrating and expensive procedure. Admittedly, it can be an attractive business -- but only if you have the patience and financial ability to withstand the pressures caused by inaction and delay. Once you get started, you have a magnificent opportunity for community service, service which apart from the benefits to the community, can produce a great deal of personal satisfaction.

But, again, it is imperative, in order to attract the kind of investment and investors necessary to ensure realization of CATV's potential for service, that regulation be minimal and conducive to growth. Therefore, I urge that you reject any and all attempts to saddle CATV with another layer of restrictive regulation, or to stifle and stunt its growth. The people who would be hurt in the long run are the subscribers and the communities, who would be deprived of the chance to enjoy CATV's full potential as a service industry.

Thank you very much, gentlemen.

As a small operator who sometimes drives a truck and sometimes sweeps the place, if you have any specific questions about the operation, I will be glad to answer them.

ASSEMBLYMAN WEIDEL: Do you have any franchises where you are not operating?

MR. WOOD: No, we only have one, the one in our own community.

ASSEMBLYMAN WEIDEL: You just have the one?

MR. WOOD: Yes, that's right. We would like to expand into an area, as a side line, which is two poles distance from the end of our cable, but because of the FCC regulations, we cannot do it. Yet there are a hundred homes in the area who have requested service from us but we can't provide it.

ASSEMBLYMAN WEIDEL: Because you have to have a minimum?

MR. WOOD: No, because we have to go before the FCC because we have to go across a community line and we can't do it. In other words, the City of Vineland is on one side of the line and the City of Millville is on the other. Yet the area there cannot be served by the system from Vineland because they stop maybe 6 miles away, but we can't go across that line.

ASSEMBLYMAN VREELAND: May I ask one quick question. Because of the history of CATV - it apparently has been around for a few years - is there any notion of a breaking point? At what number of subscribers do you begin to get in the black? Is there anything that is available on that?

MR. WOOD: I think it depends, Mr. Vreeland, on the operator himself. We started to be in the black, if you want to call it that, approximately one year after we started the system. However, at the time, our original 60 miles with the head-in tower and so forth cost in the neighborhood of \$350,000. We have added 12 miles which went into another \$60,000. After five years, we had paid our original debt

down to approximately \$180,000 and we added \$60,000 more on top of that. That is where we stand right now.

ASSEMBLYMAN VREELAND: In other words, apparently there is no pattern. This is a singular situation so far as you are concerned.

MR. WOOD: In my opinion, it is the cable operator himself. If he wants to work, he saves money. If he wants to sit in the office, he doesn't save money. It is as simple as that.

ASSEMBLYMAN VREELAND: So there is no relation then of the number of subscribers to any part that a regulatory system could play.

MR. WOOD: No, sir, not in my opinion.

ASSEMBLYMAN WEIDEL: Thank you.

Mr. Loftus is next. We only have two more to go so we are going to stay right through and finish up.

R I C H A R D W. L O F T U S: Mr. Chairman and Honorable Members of the Committee:

My name is Richard W. Loftus. I am President of North Bergen Cable Television, a New Jersey Corporation with offices at the Stonehenge, North Bergen, New Jersey.

Our company is presently constructing a cable television facility under a franchise properly ordained by the Township of North Bergen, to serve that community. We expect to commence service to voluntary subscribers by August of this year. We belong to the New Jersey State CATV Association and join with it in opposing the proposed legislation which is the subject of this hearing.

I am fully aware that this Committee has heard substantial testimony

on this subject. Therefore, my remarks will be brief and pointed. They will, however, attempt to focus on the critical points of your deliberations.

I feel that this Committee, in deciding whether or not to report this bill to action by the Legislature, must ask and answer two fundamental questions. First, what, in a nutshell, is this business called CATV; and, secondly, is that business truly a candidate for State regulation, especially of a public utility nature?

As to the first question, I feel that a sifting of the wheat of testimony given before this body establishes the fact that cable television is a service oriented, high-risk business. CATV is a delivery boy. It is just one of several known means of delivering a television signal to a television set. To be sure, we in the business believe it is the best way; but it is by no means the only way. CATV systems must compete -- with home antennas, which are competent and effective in performing their tasks -- and with other sources of entertainment which compete with our product, a TV show.

Because our service must compete with other sources of entertainment and means of delivery, we try to increase our competitive value by providing extra services. These extra services range from locally-originated programs to remote channel tuners. They include background music, 24-hour news services, local activities announcements and time/weather information.

Our slogan is "There's More to See on Cable TV", and there is. However, it is not true that you can only see on Cable-TV, and that is a real distinction.

To be specific, there is no CATV system operating in the State of

New Jersey which is completely saturated, even though many have been in operation for over a decade. The reason for this is quite simple. We are a service business; subscription is by choice, and many thousands of people do not choose our way, but rather select another way. That is their right. And it proves a very real point. We have competition, and competition means risk.

To be more specific, take our operation in North Bergen. This community lies only two air miles from the New York City TV transmitters. To be sure there are areas in the community which suffer signal reception problems which will be cured by CATV. However, it is equally true that the overwhelming majority of the community is able, on simple rabbit-ear antennas, to receive at least six and up to ten channels of television, with clarity and only minor interference. Therefore, it is obvious that faced with such competitive reality, we must offer substantially more than is presently available in order to attract subscription income. This we intend to do through programming and other services. By doing things the big city broadcasters and networks cannot.

I urge you gentlemen to realize that this is a venturesome proposition. It takes tremendous capital and is one hell of a risk. If not properly done, properly engineered, properly operated and properly marketed, it will result in bankruptcy.

On the other hand, if done correctly, it is calculated to result in a profit. A profit to the subscriber who receives a valuable service; a profit to the township and the state who receive tax income and other benefits; and a profit to our company, which spent the money and accepted the risk.

Profit is a very American word, like freedom, justice, equality and opportunity. The potential for profit is the basis of our economic system. If you remove the potential for profit, you remove the incentive to risk. That is exactly what this legislation would do. It would take away without compensating. It means fewer jobs -- not more. It means less business - not more. It means less income -- not more. Why? Because you would make us what we are not -- a utility.

Pass an amendment to this bill prohibiting the reception of TV signals by any means other than CATV and I agree that I am a utility. Do anything less and I am a scapegoat for beauracracy.

CATV is a high risk, venture capital, service business in a competitive environment. It is not a utility.

With that fact in mind, let us proceed to the next question. Is CATV a candidate for State regulation, especially as a public utility?

First, it should be obvious that this State is no different from others -- it has problems. The air is foul, the streams polluted, the airports overcrowded, the cities in strife. The areas now regulated by the public service branch are in trouble. People don't wonder if there will be "blackouts" and "brownouts" anymore -- just how many and how severe. Businessmen are used to waiting many, many minutes for a telephone circuit during peak hours. Gas mains break, sewer systems fail, garbage spews over and the chlorine treatment centers fail.

So what does the public service branch do? They request the right to regulate CATV -- which, by the way, has precipitated damned few complaints.

Second, I am sure you are aware that CATV is, and has been for many years, regulated by the Federal Government, and that Federal control is preemptive in nature. Therefore, it is obvious that a major portion of regulatory ambit is already usurped from your jurisdiction. Moreover, the scope of this Federal control is immediately subject to expansion, and such expansion is not only possible, but probable and publically predicted.

At this point I would like to go away from my written statement and I would like to dwell for a minute on the fact that you gentlemen have heard before you today and the previous session constantly, consistently, Federal Communications Commission - FCC this, FCC, FCC, FCC - and I urge you to realize that we are in a regulated business.

I am regulated on a municipal level under an ordinance and a franchise and I am regulated by the Federal government. The Federal government's regulation, as has been brought out in the testimony, has been very, very concentrated and very, very controlling over the last 3, 4, 5 years. It has caused a recession in the cable television business. It has caused Jerrold Electronics, as the union steward pointed out, to cut its employee level practically by 50 per cent. We are now at a point in this industry where the curtains are starting to open at the FCC and regulation is now ready to be promulgated which will open the gates again to CATV development.

For the State at this point and for your body at this point to take action before the guidelines, which are coming, and you know they are coming, are promulgated would be wasteful. It would result in your action being rendered moot.

Therefore, the exercise we are engaged in today, were it to result in state utility control, will very likely or at least highly probably be rendered futile and moot by impending Federal action. To move to legislate before such determination would be foolhardy at best and wasteful at least.

Third, it must be recognized that many municipalities, acting properly and in good conscience, have already established CATV regulations in accordance with municipal ordinances. These regulations vary greatly from community to community, as each community varies. This fact bears recognition. Each community treats CATV differently than others, because each community is different, and CATV is a community business.

Therefore, any legislation proposing to negate, nullify or alter the years of legal commitments entered into in good faith by the existing municipalities and operators must also in good faith take into account the realities of existing municipal regulations. If such is not done, then justice is not done. The cities and operators have a constitutional right to their contracts.

Further, it must be realized that many municipalities in the State of New Jersey have already refused to grant CATV operation permits. Those wishing to transfer that decision-making authority from those cities and townships to another body must recognize that they are dealing in an area where their decision may not be that of those who are affected.

If I may, Mr. Hollenbeck, I would say this portion was written in here before your statement. I will go into it.

I think there was a silent force, in my mind, about this proposed legislation. I think that it is unfortunate that after ---

ASSEMBLYMAN HOLLENBECK: Are you referring to the moratorium or 2138?

MR. LOFTUS: I am referring to the original bill.

ASSEMBLYMAN HOLLENBECK: I was referring to the moratorium before.

MR. LOFTUS: Not at this point. But I think a silent premise was there. It has been dispelled in my mind. I think it is unfortunate that the media, after all the extensive testimony that was before this body, picked up an unfortunate few parcels of it and chose to publicize it as broadly as they did. But I think that premise was and may continue, and I think it is incumbent upon this Committee to dispel it, that the underlying contention is that the cities are either incapable of regulating or, if they are capable, are corruptly capable. I agree with you that that premise is not correct and that is not the basis for this legislation.

CATV regulation belongs at and is best accomplished at two levels -- Federal and Municipal. If we can depart here, I think we have to look at the point as to what the State's area of regulation is. And I think you, Assemblyman Weidel, have probably the most pointed questions in this area. We especially get down to the issue of the moratorium. It is very logical to say that we don't know what we are going to do here. There is an area, there is an ambit, where the State is going to come in and regulate. And I am not afraid of that. I am not afraid of it at all. I am already regulated by the Federal Communications Commission. I am already regulated by the city and I do not fear State regulation. What I fear is improper State regulation. That

is what I fear and that is the basis of all the testimony you have before you today.

If we are going to be regulated, let's understand what the business is and the way to regulate it. And I do not agree that you start off with the assumption that if we don't put the boot-heel restriction moratorium on a municipality, therefore we are going to be caught behind the barn door when we get to the point that we do regulate. I believe that proper State regulation will be in the form of guidelines, will be in the form of instructions, will be in the form somewhat of policing perhaps. But I do not believe that you are going to get down to the point where you are going to be that deeply involved with the actual operation and running of CATV systems before the franchising thereof. I think that area is pre-empted to you by the Federal Communications Commission. I think the guidelines are going to be more to the municipalities than they are going to be to the states, and I think the states are going to be relegated to saying, "All right, we have these Federal guidelines telling municipalities what they must follow and our function truly is to police and properly regulate in the public interest." I do not believe that that is properly accomplished by more or less biting down on the bullet and saying, "Look, if we don't do something now and stop these people from granting these franchises, they are going to do things completely improperly," because I think the municipality has a correlative right, if you can tell it, "You can't do anything until we move," to

say, "Don't you do anything until we move." I think there is a tremendous area here of needed liaison.

I am not speaking as a man who is trying to run around and get a lot of other franchises. I do know this, that I fear the possibility of a moratorium because a moratorium always lends itself to a continuation. I think "moratorium" is an ugly word. Any time you go into a business man and tell him, from a State level or a municipal level, that we don't know what to do, therefore we are going to tell you you can't do anything, and we don't know what we are going to tell the cities and the towns, therefore, we tell them they can't do anything, I think you are turning your back upon the proper, municipal, State, Federal legislative process that this country has developed on. I really do not in my own mind feel it is proper to tell somebody, "Stop, until I tell you to go." That is not the way you discipline your own children. That is not the way you run your business.

Those are my comments, gentlemen.

ASSEMBLYMAN HOLLENBECK: Thank you. Any questions?
[No response.] Thank you very much.

Mr. Scarpa.

J O H N F. S C A R P A: Chairman Hollenbeck and other members of the Committee:

My name is John F. Scarpa, General Manager of National Cable TV Systems, in Avalon, New Jersey, which is down in Cape May County. I presently serve as Vice President of the New Jersey Cable Television Association and it is in this latter capacity that I appear before you today.

The New Jersey Cable Television Association and its member CATV systems were shocked and surprised at the incidents of alleged extortion mentioned in public testimony before this Committee on April 18, 1971. We also, of course, have read articles in the newspapers involving said testimony which appeared shortly thereafter. The newspaper articles, of course, emphasized the "sensational" nature of these statements and almost without exception failed to report the positive testimony relating to cable television operations in this state.

The incidents reported to this Committee, if true, obviously represent complete aberrations in a long and consistently honorable course of conduct on the part of local elected officials and operators of CATV systems in this state over an extended period of time. I can say without qualification - and I am sure to the dismay of the press - that in my many years of experience in the CATV industry incidents of this sort have never happened to me personally nor have similar incidents come to my attention. A poll of the operating CATV systems in New Jersey also confirms this fact.

Our experience with elected officials has unanimously been that they have awarded CATV franchises in good faith with absolutely the best interests of their individual communities at heart.

However, our State Association is concerned about the reports of these recent isolated incidents of such alleged conduct. As a matter of Association policy, I wish to state publicly that we will forthwith expel any member of our Association who has proven

to have engaged in such highly illegal conduct. We decry such attempts to subvert the regular and legal processes of awarding CATV franchises and will not tolerate such conduct on the part of any member of our Association. We urge the State Attorney's office to promptly investigate any reports of such conduct and to promptly bring to justice any person, be it elected official, CATV system operator or franchise applicant who engages in same.

In order to put more "teeth" into law enforcement in this area and to more effectively ensure the prompt conviction and punishment of persons engaging in such activity, our Association has taken the liberty of having its Counsel prepare proposed criminal legislation which would specifically deal with these matters. I offer for the very serious consideration of your Committee two Bills which we have drafted in this connection. One would make it a separate and distinct crime punishable by a fine of not more than \$10,000.00 or imprisonment for not more than five years, or both, for any elected official local or state or employee of any political subdivision of the State of New Jersey who stipulates for or receives or consents or agrees to receive any consideration from any person for procuring or attempting to procure for such person the grant of a CATV franchise, i.e., extortion. The second Bill would apply similar penalties to any person who pays or offers or promises to pay any consideration to any elected official or employee of the state or local government for the use or promise to use any influence to procure the grant of a CATV franchise, i.e., bribery.

I would request that copies of these proposed Bills be

included in the record of this proceeding and would urge this Committee and you, Mr. Chairman, to promptly introduce them. They have the unqualified and wholehearted support and endorsement of the New Jersey Cable Television Association.

Thank you.

ASSEMBLYMAN HOLLENBECK: Thank you. I think Mr. Lee has copies of these and we will include both of them in the record. And we will certainly have them examined and evaluated before the next regular meeting of the Committee so we can discuss them in detail before proposing them for introduction. I want to thank you very much for them.

(Proposed bills submitted by Mr. Scarpa can be found on pages 105 and 106)

I think you have something I hope is going to come through to tell us about.

MR. SCARPA: I thought instead of talking to all my attorneys and accountants I should go right to where the horse is and I went down to the Commission to see Mr. Sol Schildhause. I was in Washington and I spoke to him on the telephone and I have a statement which I would like to read to you, with your permission.

(Reading)

I have recently been in contact with Mr. Sol Schildhause, Chief of the Cable Television Bureau of the Federal Communications Commission. I have been authorized by Mr. Schildhause to inform the Committee that the FCC intends to totally pre-empt the field of CATV regulation within the next sixty days. Mr. Schildhause personally told me within the next thirty to forty-five days. But as Mr. Matthews pointed out, we state sixty. Some regulatory authority may subsequently be re-delegated back to the municipalities.

Mr. Schildhause indicated that if members of the Committee or its staff desire to contact him, he and his staff would be more than happy to cooperate with you in discussing and coordinating this issue.

I, therefore, submit to you that the State of New Jersey

take no action at this time until the FCC determines redelegation to either the State or the municipalities.

ASSEMBLYMAN HOLLENBECK: I have several questions in that area, but I will direct them to counsel when he returns. I want to get back to your first statement. It seems to me from the tone of your statement that your Association or your operating TV dealers have a problem - I don't think you are expressing it directly, but it seems to me you are implying that you have a problem with franchise hunters who seek to gather franchises and then just sit on them for a period of time, hoping for a bigger party to come along and buy them out or the FCC to do something to put them in a more favorable financial position. Did I read you correctly? Can you clarify it?

MR. SCARPA: Not in its entirety, no. What I have attempted to say is that in New Jersey we, as operators, people in the business, are concerned because we are the guys that the darts are being thrown at.

ASSEMBLYMAN HOLLENBECK: Of course, but is there in your opinion a problem? Is there an element existing, a group of people who will go in and buy franchises just to sit on them for the future?

MR. SCARPA: No, sir, not to my knowledge. I think there is a reason for delay in each specific franchise which has been issued. Some of those have been ordered by the FCC. There are, I am sure, economic reasons in areas where it may not be practical to build in one small community and two may be needed, which would be providing those services. But I know of none where so-called franchise hunters participated.

ASSEMBLYMAN HOLLENBECK: All right.

ASSEMBLYMAN VREELAND: Have any of these franchises gone by default to your knowledge?

MR. SCARPA: Have any franchises in this State defaulted?

ASSEMBLYMAN VREELAND: Yes.

MR. SCARPA: Yes, sir.

ASSEMBLYMAN VREELAND: Are there many?

MR. SCARPA: Off the top of my head, I can think of one or two where they were not a default of the cable company but because of FCC rules imposing restriction of distant signal into the area. The franchise perhaps had an 18-month clause in it whereby construction must be under way or completed at that stage, and it did not happen.

ASSEMBLYMAN VREELAND: It designated the time then.

MR. SCARPA: The franchise?

ASSEMBLYMAN VREELAND: Yes.

MR. SCARPA: Yes, sir. Most ordinances do, incidentally, spell out that the services must begin and commence by certain dates.

ASSEMBLYMAN VREELAND: Thank you very much.

MR. MATTHEWS: Just one point I wanted to make to you, most modern CATV franchises - and they are based on the franchises suggested by the National Institute of Municipal Law Officers or the League of Cities - contain a provision that trafficking in franchises is outlawed and that the specific approval of the City Council has to be obtained before even a minority interest can be transferred, and we support that.

ASSEMBLYMAN HOLLENBECK: Mr. Doherty.

B R I A N K. D O H E R T Y: When I prepared my speech, I was prepared to say "Good morning."

ASSEMBLYMAN HOLLENBECK: It's afternoon.

MR. DOHERTY: It is afternoon and running into evening, so I will keep it very brief and to the point.

My name is Brian Doherty and I am Vice President of Tele-Mark Communications. Tele-Mark Communications is a wholly-owned subsidiary of Columbia Cable Systems, which is located in Westport, Connecticut.

What is Tele-Mark Communications? I think I should tell you this, gentlemen, because this action that you propose to take of a one-year moratorium does directly have a great deal of implications in towns adjoining the towns that we service at the present time. Tele-Mark operates a cable system in three counties and seven communities in those

counties. We operate in Morris County, Bergen County and Passaic County. We operate in seven boroughs and cities, starting with Ringwood, Wanaque, Bloomingdale, Butler, Pompton Lakes, Wayne, and we also adjoin many, many communities that would and do call us every day and request service. We have 22 employees at the present time. We are adding them at a rate of about one every month. We have a payroll of upwards of \$175,000 a year. We are constructing a plant in Wayne right now which we have a franchise for and which stipulations under the franchise mandated that we complete our construction of the entire city within five years. I would report to you at this time that we are approximately after less than one year's construction 85 per cent complete in Wayne. We are also continuing building in the other cities, both as the need arises and as new homes come into availability of cable. Some of the towns from which we have gotten many calls include: Kinnelon, Boonton, Lincoln Park, as far down as Parsippany, wanting to know whether or not we can give them our service; in Bergen County, Franklin Lakes, Wyckoff, Mahwah, Ridgewood, Midland Park, Glen Rock and Fairlawn. We have received calls from all of these places, wanting to know if we could give them service. I think one of the reasons we have received the calls is that we are the only operating system at the present time in the State of New Jersey, delivering to its subscribers via microwave from the New York Telephone Company from Madison Square Garden, all the home Knicks and Ranger games, including the NIT playoffs, the \$210,000 Madison Square Garden Tennis Tournament, and so on. There are many events that come over from Madison Square Garden we service on channel 3.

How would this proposed legislation directly affect the communities that I have mentioned? To begin with, as you have been told in prior testimony, to get a franchise in many of these areas does in fact take at least a year. To start construction, to build, may take as much as six months

to a year after you receive a franchise. What you are proposing here today is to put a freeze on all franchises in the State of New Jersey. What I must tell these people when they do call our company and ask for service is the probability of our servicing them with what they want will be a minimum of one and probably five years away. I don't believe myself that this legislation is going to solve any of the problems that are before you gentlemen today and I don't really think that anybody believes that.

Needless to say, the controversy over this has given the cable TV industry in the State a black eye, certainly not due to these hearings, but certainly due to the sensationalization of the newspapers.

We have tried in every way, shape and form to service our communities with the best possible cable TV we can. We have over 300 miles of plant at the present time. When construction is completed, we will be in front of 32,000 homes. If this legislation goes into effect, again I stipulate we can tell the rest of these people whom we planned on servicing, where we planned on getting franchises at one time or another, that we will not in fact be in construction for many years.

I mentioned that we had 22 employees. I think this is a very important fact because we do generate a great deal of cash in the State in the form of such things as taxes and many people are very happy working for us. We hope that in the very near future we can start trying to acquire other franchises within the area that we can service right from our own head-in. Obviously if this legislation passes, we will not be able to. Therefore, we will not create any more jobs and spend anymore money in the construction and giving to the people the services that they very desperately desire and want.

Also, whether you are aware of it or not, gentlemen, Madison Square Garden has offered this package to every cable TV operator in the States of New Jersey and New York. This

means that now franchise areas that were either uneconomical to build or that were not sought after as franchise areas have something to offer the people other than off-the-air reception. In conjunction with the Madison Square Garden package that we give our people, we also do local origination programs. We do 15 minutes of news every single day for all seven communities, telling them exactly what is going on in their communities to keep them in touch. We do local high school baseball games, football games, basketball games. We do Little League games, Pop Warner League, PAL games. We have a 24-hour message channel for local origination that gives club meetings, council meetings, Boy Scout meetings, etc., as a service to the community at no charge to the community. We have covered in the past and do intend to continue to cover election results on a wide basis from the different precincts all over the communities that we service.

We have a situation with Paterson State College now where they will be giving us one hour per week of their own programmed material. And, of course, as I mentioned, we have the Knicks and the Rangers.

We have other programs pending. We are now working with one of the Medical Associations to put a channel on strictly for doctors for educational purposes. These are realities, gentlemen. These are not pie-in-the-sky dreams that a lot of people are talking about.

We have a great deal of experience in this area. We hope to continue to grow in this State. We hope to give the needed service that many people want, but we don't feel as though we will be able to do it if this bill is passed in the very near future.

I do have a printed statement that I will give to you. Some of the points in it, however, I would like to touch upon. I thank you for clearing the air as to the reason for this Committee, that it is not to study the allegations of bribery or anything else in the State. However, you must admit, gentlemen, that the notoriety that we have received has hurt

us a great deal in the public's eye. It has also resulted in a great deal of mistrust of the locally-elected officials. I think it is important that we don't act hastily here, that the legislators in the Senate do not act hastily, and pass a bill that is trying to do what all the other power manipulators in the broadcast field have been unable to do on the Federal level - stop this industry in this State.

That is basically what I have to say. If there are any questions that you would like to ask, I would be happy to try and answer them.

ASSEMBLYMAN WEIDEL: Mr. Doherty, are you familiar with the New Jersey CATV operating systems that were handed out last time. The source was Television Fact, Volume 2, 1970-71 edition, and NA means not available.

MR. DOHERTY: I am not familiar with the document, no.

ASSEMBLYMAN WEIDEL: There are 2 1/2 pages of system operators and in those first 2 1/2 pages the following appear: Oakland by Tele-Mark Communications - not available. In other words, your service is not available. Phillipsburg ---

MR. DOHERTY: Before you bother going through all that, I would like to straighten one thing out. Tele-Mark Communications was a company that was owned by private individuals. We, that is, Columbia Cable Systems, have purchased Tele-Mark Communications and Ringwood Cable TV and combined the two of them to operate as one separate system. The information that you are referring to in this particular document is inaccurate in some places. We do not hold any other franchises in the State of New Jersey, outside of the one we have.

ASSEMBLYMAN WEIDEL: I just happened to pick that out.

ASSEMBLYMAN HOLLENBECK: What does "not available" mean?

ASSEMBLYMAN WEIDEL: Well, they are not operating.

MR. DOHERTY: It simply means that at the time --- Again I cannot speak to why it says "not available." I can only tell you what I think it means. If somebody were to call me about a new system that I was just starting to build and ask, "What are your figures? How many subscribers do

you have," they are not available; more than likely you have no subscribers.

ASSEMBLYMAN WEIDEL: If you had a date next to it when you started operating, you would have the number of subscribers, wouldn't you?

MR. DOHERTY: I would assume so.

ASSEMBLYMAN WEIDEL: I would assume so too.

Now Allamuchy has already awarded a franchise for a CATV system to the Panther Valley Service, Incorporated. Belvidere has offered a franchise, Bloomingdale, Bloomsburg, Boonton, Bordentown. I could go on - 1 page, 2 pages, 3 pages, 4 pages, 5 pages, 6 pages - all names - Ocean County TV Cable, Plainfield Cablevision, Philadelphia Cable, Jerrold Cable, Sterling Communications - all awarded. All of these have been awarded but they are not in operation. Franchises have been awarded. They are not operating. Do you mean to tell me that if we didn't pass a moratorium every one of these guys would be operating this year?

MR. DOHERTY: Well, I can't speak for these people, sir. I can only tell you my feeling on it.

ASSEMBLYMAN WEIDEL: Well, why aren't they operating? You mentioned Essex. Your name is mentioned here a couple of times where you have franchises and are not operating.

MR. DOHERTY: I would state this, sir, that I think if you study the facts behind each one, why they are not in operation, we would be better served, not asking the question why they are not in operation when the representatives are not here. I have no idea why these people are not in operation. I do maintain that many of them are probably not in operation due to FCC regulations. I think if you study this, you will find that many cities in the State of New Jersey fall into that pattern.

ASSEMBLYMAN WEIDEL: You say it is the FCC regulations. When they are trying to abrogate some cable TV contracts, they are saying it is because of FCC. They are taking them to court. That's their defense - the FCC. What I am trying to get at is this: Take the Township of Stratford. I

don't know where Stratford is but it has already awarded a contract to Jerrold Corporation. They are not operating. That's gone. Stratford is gone. They may have a five-year contract or a ten-year contract. So we are not going to affect Stratford, Wanaque, Washington Township, Wharton. We are not going to affect these. The only ones that we are going to affect, if you add them all up, would be those that haven't already awarded contracts.

The electrical men were here talking about putting people out of jobs and here you have pages full of awards where the work hasn't begun yet.

MR. DOHERTY: Again I can only talk for myself, sir. I can only tell me what you will do to me, to my company and to the people in my area in Morris County and in Bergen County. Many franchises have not been granted there. Many people have not even gone after franchises for many reasons, economical reasons mainly. Our company feels that we have proven to ourselves that we have been able to take a company such as Tele-Mark and show that it will be profitable at some time, perhaps a great deal longer than the normal system will be profitable, but that it will be profitable. We feel that Franklin Lakes, Wyckoff, Ridgewood, Midland Park and these towns can be built now because of the Knicks and the Ranger package that we have now, because of the local origination that we are doing, and that by simply saying to these people now that we are sorry because of whatever reasons they are - and I am not quite sure what they are - we're not going to allow you to have the service that some 5,000 have in 3 adjoining counties and cities have because we don't feel that it is going to properly service you -- I don't understand it, sir. I know that I have to tell these people now if this legislation does go through that most likely it will be many years before they can get this service and I don't think that is giving the public what they deserve.

ASSEMBLYMAN WEIDEL: Now maybe you can't answer this

question and if you can't, it is all right. Let's take the Warren Cable Company in Greenwich Township. I don't know where it is. Somebody says north of Phillipsburg. They are not operating but they have a franchise. Do other companies come along and buy this franchise?

MR. DOHERTY: I wouldn't know if they would buy that one, sir. I wouldn't have any idea.

ASSEMBLYMAN WEIDEL: Can they sell it?

MR. DOHERTY: I haven't any idea. I don't know if they can.

ASSEMBLYMAN WEIDEL: O.K. I'm asking the wrong man.

MR. DOHERTY: You should ask the people who own the franchise. I haven't any idea.

ASSEMBLYMAN WEIDEL: No. I want to ask the attorney. I don't have to ask the people who own the franchise. They have an Association here representing them. I'll ask the attorney. Thank you.

ASSEMBLYMAN HOLLENBECK: That's all. Thank you very much.

Do you want to wrap this up, Mr. Matthews?

J O H N D. M A T T H E W S: Before I answer a number of Mr. Weidel's questions, I hope objectively and to his satisfaction, on behalf of the Association I want to commend this Committee. And I am not throwing a lot of window dressing on you. I think if you think about what happened today, you will find that this session, at least in my opinion, has been much more productive for you than the first one. I have observed that your questions are much more pointed, you are learning a lot more about cable and you are really getting down to the nitty-gritty in some of the questions that have been asked. I think this is part of the education process. For that reason and others, I would recommend that you continue these sessions and these hearings. The questions have been very pointed and I think the testimony has been a little more direct and to the

specific subjects we are talking about.

Assemblyman Weidel, let me tell you why a lot of these franchises - and I think on investigation you will find they are in North Jersey - have not been built. On December 13, 1968, which the cable industry calls Black Friday, Friday, the 13th, the iron curtain descended on the industry. The FCC put an almost total freeze on CATV carriage of television signals in the nation's top hundred markets.

In North Jersey most of the homes are located, let's say, between Philadelphia and New York. Believe it or not, there is presently in existence an FCC interim policy that says, if a town isn't located within 35 miles of both New York and Philadelphia, they can't carry the television signals on a cable system from both towns, even though you as a homeowner could get it off your roof-top antenna. This is the so-called footnote 69, overlapping market prohibition.

It is an awfully easy story for me to tell in Washington. I can go up on Capitol Hill and say to a Congressman, "Congressman, you live in Bethesda and just like myself who lives in Arlington, I can get Baltimore off my antenna but a cable system in Washington can't carry Baltimore signals because we are not within 35 miles of Baltimore." He says to me, "The hell you say - the FCC can't do that to me. I watch Channel 2 in Baltimore all the time." Believe it or not, that policy is in existence right now.

Most of the franchises that you are talking about were obtained prior to December 13, 1968. The people that got them obviously, I am assuming because they spent an awful lot of legal money among other things to get the franchise, had every intention to go forward and construct. The government came along in Washington and went, whack. You were going to supply, they said, those beautiful 7 UHF television stations in New York City to the people in that town, and they planned on that, and the 7 in Philadelphia. Now the Federal government has said you can only carry half of those.

The guy says, wait a minute - it is not economically feasible.

Most of these people - and I can speak only for the ones I represent -- The Jerrold Corporation, whom you have mentioned, has a number of franchises in Jersey in the Philadelphia market essentially. My firm filed waiver petitions with the FCC over three years ago to allow them to carry New York television signals. They are still pending at the FCC.

You mentioned Phillipsburg, New Jersey. A little town near Phillipsburg, New Jersey, is also represented by my office. We represent the big system in Easton, Pennsylvania, and Phillipsburg. Waiver petitions are also pending. The reasons that those systems have not been constructed, in my judgment, and I think you will discover this by investigation, have been because of the restrictive policies of the FCC.

This is why, Mr. Hollenbeck, I would encourage your Committee as you proceed in your deliberations to coordinate and discuss these matters with Mr. Schildhause and other people in Washington. Mr. Schildhause can tell you.

ASSEMBLYMAN HOLLENBECK: We do intend to do so.

MR. MATTHEWS: He will pull the file and tell you how long it has been pending and what efforts they have made to get Federal permission.

Your second question was: Do you mean to tell me, if we don't have a moratorium, that all of these pending franchises shown in that exhibit are going to be built in the next year? I can't sit here and tell you they are all going to be built. I do know this: The timing of your moratorium, as far as CATV expansion in this State is concerned, couldn't be worse. The FCC, apart from taking pre-emption action in the next 60 days, is we desperately pray and hope - and the Chairman says they are going to - going to take the wraps off cable. They are going to remove this restriction that says you can't carry New York and Philadelphia.

Everybody agrees with that.

I am not saying all of those business men are going to go forward, business men whose plans were thwarted by the FCC two or three years ago, but I know a substantial number of them, once they can get permission from Washington to carry the television signals they had originally planned on carrying, once they get that authorization and we expect that to happen shortly, then you are going to see a lot of start-ups.

This is not unique to Northern Jersey. The nation's top hundred television markets have been frozen for cable development since December 13, 1968. The Commission put a freeze on while they studied it. They completed their hearings. They are now ready to open them up.

ASSEMBLYMAN WEIDEL: Then Newark, New Jersey, couldn't have it if they wanted it, could they?

MR. MATTHEWS: Newark can have CATV if they want to carry New York signals, which the people can get with rabbit ears, but they can't carry Philadelphia in Newark. That is what makes that plant economically feasible. There are three beautiful independent UHF television stations in Philadelphia, carrying all sorts of sports and other programs that are not available out of New York. These cable people sell additional programs.

ASSEMBLYMAN WEIDEL: Why does this statement here show Newark having two - Community Cablevision Corporation and Teleprompt?

MR. MATTHEWS: Let me answer that question and I will also answer a question that Chairman Hollenbeck very properly raised about where these statistics come from. There is no central repository for statistics or information concerning the cable television industry. The FCC had a one-shot deal where they asked cable systems in operation to supply ownership information to them about two years ago. They are not proposing, as they have required of broadcast stations for years, to file annual ownership reports. Every time a stockholder

changes, my television or radio client has to file a paper with the government, saying that the stockholder who had 5 per cent, now has 10, and he sold it to so and so and the guy he sold it to isn't a felon or an alien.

They are proposing to impose those regulations on cable but the rules haven't come out yet. We have had piecemeal pre-emption as we have gone along. They have been taking a little bite out of our shoulder every six months for about the last four or five years. Now they are ready to take it all.

The only substantially accurate repository for cable information, which is where my office obtained these statistics and they were prepared in my office, is Television Fact Book, which is a nationally-recognized volume this thick (indicating) --

ASSEMBLYMAN WEIDEL: That's where these were from.

MR. MATTHEWS: -- which contains all of the available information on CATV. It is not available at the FCC and unless you want to call every City Clerk in the country to find out the material, this is the best place to get it. The NA means not available. That may mean in some cases when the editors of Television Fact Book called the company and said, "How many subscribers do you have," the guy said, "Go to hell - I'm not going to tell you how many subscribers I have," and they listed it "not available." It is the best there is at this point and it is not accurate. I would guess that it is probably not more than 80 per cent accurate, if that.

ASSEMBLYMAN WEIDEL: I will ask one more question. One, in your estimation, would a city like Newark award two of them?

MR. MATTHEWS: I am not familiar with that.

ASSEMBLYMAN WEIDEL: I am not sure that they have. All that I know is that this Fact Book that you are referring to says, Community Cablevision Corporation and Teleprompt.

MR. MATTHEWS: A number of cities throughout the United

States have awarded several CATV franchises on the theory, I guess, that they said about Jeff Stewart, "He got there firstest with the mostest," or something and one of them they thought would starting building right away.

The major cities that have awarded franchises have awarded them in geographical areas to individual companies. There are six franchises extant right now for the City of Philadelphia which were awarded about four years ago. We were scheduled for hearing at the FCC to get our authorization to carry television signals. We have retained our economists, our engineering experts. I was involved in the case in the fall of 1968. In December, they froze all the hearings and dropped the curtain.

Philadelphia awarded franchises to individual sections of town. New York City has done that. There are 17 applicants for the City of Chicago right now. And if you don't think that's a cat fight, it really is. Chicago will probably do what Philly and New York did. They will divide the city up into segments.

The Public Service Commission of the State of Nevada where I tried the case about two and one-half years ago - and there is not a foot of cable laid out there yet - to everybody's surprise split the baby in half. The two local newspapers were applying for the franchise and rather than pick between the two of them, they gave them each half the town. My client didn't happen to own a newspaper so he didn't get the franchise from the Public Service Commission. That is a case where two franchises have been awarded in a relatively small town. Las Vegas has two or three hundred thousand people at best. It is not unusual to have more than one.

Mr. Hollenbeck, you had some questions for me, I believe.

ASSEMBLYMAN HOLLENBECK: Yes, I wanted to ask you about the forthcoming FCC regulations. To your knowledge

if they were to be issued within 60 days, when would they be effective? By that, I don't mean I want to know an exact date. But would it be in effect in two years or one year or 30 days or three years? I realize this is the case in many of these regulations. They are issued to be effective one year hence.

MR. MATTHEWS: To use a phrase that has been used here before today, I don't intend to cop out on that question. It is always a little difficult for a lawyer to predict what a government agency is going to do. I would prefer that Mr. Schildhause be more definitive and specific with you, but let me tell you what I think is going to happen. In about 60 days the FCC is going to say, the Supreme Court told us we have all the jurisdiction we need to regulate all aspects of cable television. We hereby pre-empt the entire field. We think that the cities and states ought to follow these guidelines in awarding franchises as, for example, in the communications industry you can't give a franchise to a convicted felon. An alien cannot own a broadcast station in the United States. Those are some very obvious examples of the qualifications you will see. You will have some preliminary standards and I think you will have continuing standards coming out of Washington over several months. I think you could probably have your preliminary standards by the fall. And as the Commission learns more about cable and what proper role you people should have, I think you will have them coming out on a continuing basis.

We have had what I call in Washington - we talk about pre-emption - we have had piecemeal pre-emption for about four or five years in cable. About every three or four months, we get a new rule, which is something that nobody did before. Last year they said we could advertise on cable. Before that, they said we couldn't. They said you had to originate on cable systems last year. Two years ago, we didn't have that rule. Now we have to pay fees to the Federal government, 30 cents a subscriber a year. Last year we didn't have to

pay any fees. It has been coming piecemeal, piecemeal, piecemeal. You talk about the horse getting out of the barn. The FCC is worried that your horse is going to get out of their barn unless they do something fast and that is why we think they are going to do something in 60 days.

ASSEMBLYMAN HOLLENBECK: Very good.

MR. MATTHEWS: I would like to just end up by again commending your Committee. We urge you very, very, very seriously to continue these hearings. If you see fit, Mr. Chairman, to schedule further hearings, our suggestion would be you schedule them for the fall. We think you will have extensive FCC guidelines and actions by that time, which will more properly assist you in the performance of your duties.

I can assure you that this Association will cooperate with you entirely at that time in the formulation of whatever state role that has to be played. We stand ready to assist you in any way possible.

I would, therefore, suggest that you not adjourn these hearings without date but that you continue them, that you have further hearings, that you schedule further hearings for perhaps October of this year and await the FCC's pronouncements.

ASSEMBLYMAN HOLLENBECK: That is our consensus, that we are not going to finalize the hearings today, that we are going to continue this sometime in the fall after we have been able to go down to Washington and meet with representatives in the FCC, after they have acted and we can see the scope of their activity and the extent within which we may be left to work.

MR. MATTHEWS: Thank you, sir.

ASSEMBLYMAN HOLLENBECK: Is there anyone that we missed? If not, thank you all.

STATEMENT OF EDWARD B. LOYD
BEFORE THE
COMMITTEE ON TRANSPORTATION AND PUBLIC UTILITIES
OF THE
NEW JERSEY STATE ASSEMBLY

Chairman Hollenbeck and members of the Committee, my name is Edward B. Loyd. I am president of the Essex Cable TV Company, Inc., which holds CATV franchises throughout the State of New Jersey.

As holder of these franchises, our company has a very real chance to participate in the future development of the cable television industry. You have doubtless been told again and again what a great future cable television has--and the reason you've been told this so often is that CATV does have tremendous potential.

This is particularly true with respect to the public service which a CATV system can render its local community. Obviously, one aspect of this service is bringing in television signals which subscribers are not otherwise able to pick up with their home antennas. But there are also other aspects of CATV's service.

For example, if a CATV system chooses to originate programs, it is very likely that it will do so with a local orientation. CATV can be used to provide an important means of expression within the community itself, for example, by providing a means for elected officials to inform the people they serve. CATV can also provide an important outlet of expression for minority groups or other segments of the

community which need and deserve the opportunity to express their views to the public. This is a particularly promising aspect of CATV service because access to cable promises to be easier than it is for other media.

Many systems devote large amounts of their programming time to discussion of local issues of public importance. Often they will have panel and interview shows featuring local personalities or local officials.

Most importantly, many systems go into the community to recruit talent for their shows. Or, they will seek out people in the community who are interested in this sort of thing and train them. Many times this will mean that students are given a chance to try their hand at producing programs-- and at the same time get started on the way to a future career.

Thus, a CATV system can serve its community in two ways--by promoting community understanding, and also by providing additional local jobs and often training for local people.

Of course, if a CATV system is going to be able to do this sort of thing, it must be allowed to operate without unreasonable restraints imposed by the government. If a CATV system has to function burdened by all sorts of restrictive laws and regulations, it just cannot develop in a way that allows it to devote time and money to the type of public service I've outlined here. Thus, it becomes important for any CATV regulation to be highly flexible, adaptable to the needs of

the individual system, and, most importantly, of the community the system serves.

Now, it is clear that the one approach to regulation which gives the most flexibility is a system of purely local regulation. With such a system, each community can determine what it wants and expects from a CATV system, and then work to enforce those needs and desires.

In my experience in obtaining franchises in a large number of communities, I've found that each city government I deal with has different ideas about CATV. Each city has different requirements. And, as a result, each franchise is drafted somewhat differently. The end result is that the service we give will be exactly what the community needs and wants.

Further, should any problems or new needs develop, the city will be aware of them right away, and will be able to come to us. And we will be able to work out any changes which will enable us to improve our service to the city.

Clearly, nothing like that could ever occur if a far-away state agency was in charge of regulating cable television. That agency probably wouldn't have any idea what the individual needs of a city might be. And it probably wouldn't know either whether and when those needs have changed.

Since I feel that it is so important that CATV regulation be continued on a purely local basis, I find it

particularly sad that recent weeks have seen some unfortunate developments for the industry. One mistake has all of a sudden gotten people worried about CATV. But that one mistake doesn't represent what has been going on in the industry.

I was shocked and surprised at the incidents mentioned in recent sessions of these hearings: if true, they obviously represent complete exceptions to the long and consistently honorable course of conduct on the part of local officials and operators of CATV systems. In all my years of experience in this business, nothing of this sort has ever happened to me personally, nor have similar incidents come to my attention.

Rather, my experience with elected officials has always been that they have negotiated in good faith with the best interests of their respective communities at heart. And that this has in fact been the case has, I think, been proven by the high quality of service exacted by these officials and rendered by the various CATV systems throughout the state.

Hopefully, if in fact these indiscretions did occur, they will not be exploited as excuses for repressive legislation which will block the progress of CATV. If this happens, the public would suffer--all because of one or two exceptional instances.

CATV does have the potential capability of making a great contribution to the public, and this potential should be preserved and nurtured, rather than stifled. Otherwise,

the public will lose all chance to enjoy the potential benefits of cable television.

Therefore, I respectfully urge that the legislation you are now considering be rejected. It is unwise, and, again, would hurt rather than help the public interest.

Chairman Hollenbeck, I want to thank you for the opportunity to appear before you today.

ASSEMBLY, NO. _____

STATE OF NEW JERSEY

INTRODUCED MAY _____ 1971

By Assemblymen _____

(Without Reference)

AN ACT concerning the receipt of consideration for procuring or assisting in the grant or authorization of a community antenna television system.

1 BE IT ENACTED by the Senate and General Assembly of the State
2 of New Jersey.

1 1. Whoever, being an elected official, officer, or employee
2 of any county, city, municipality, incorporated township, or
3 other political subdivision of the State of New Jersey, or who-
4 ever being an elected official, officer, or employee of the State
5 of New Jersey, stipulates for or receives or consents or agrees
6 to receive any fee, commission, gift, or other thing of value
7 from any person, partnership, association, corporation or other
8 organization for procuring or endeavoring to procure for such
9 person, partnership, association, corporation or other organiza-
1 tion, from any county, city, municipality, incorporated township,
2 or other political subdivision of the State of New Jersey the
3 grant of a community antenna television system franchise, per-
4 mit, license or other authorization shall be fined not more
5 than \$10,000.00 or imprisoned not more than five years or
6 both, and shall be incapable of holding any office of honor,
7 trust or profit in or for the State of New Jersey.

1 2. "Community antenna television system" means any wire or
2 cable facility which is operated to perform the service of re-
3 ceiving and amplifying the signals broadcast by one or more
4 television stations and redistributing such signals to mem-
5 bers of the public who subscribe to such service, or distri-
6 buting through its facilities any television signals whether
7 broadcast or not.

1 3. Any franchise, permit, license or other authorization
2 granted by any county, city, municipality, incorporated town-
3 ship or other political subdivision for a community antenna
4 system, in violation of this act shall be null and void.

1 4. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to promote efficiency and integrity in the discharge of official duties and to maintain proper discipline in the public service.

ASSEMBLY, NO. _____

STATE OF NEW JERSEY

INTRODUCED MAY _____ 1971

By Assemblymen _____

AN ACT concerning the paying, offering, or promising of money
or any other thing of value for the procurement of a community
antenna television system franchise.

1 BE IT ENACTED by the Senate and General Assembly of the State
2 of New Jersey:

1 1. Whosoever, whether an individual, partnership, association,
2 corporation or other organization, shall pay or offer or prom-
3 ise to pay any fee, commission, gift or other thing of value to
4 any elected official, officer, or employee of any county, city,
5 municipality, incorporated township, or other political subdivi-
6 sion of the State of New Jersey, or to any elected official,
7 officer, or employee of the State of New Jersey, in considera-
8 tion of the use or promise to use any influence to procure the
9 grant of a franchise, permit, license or other authorization
1 for a community antenna television system in the State of New
2 Jersey shall be fined not more than \$10,000.00 or imprisoned
3 not more than five years, or both.

1 2. "Community antenna television system" means any wire or
2 cable facility which is operated to perform the service of re-
3 ceiving and amplifying the signals broadcast by one or more
4 television stations and redistributing such signals to mem-
5 bers of the public who subscribe to such service, or distri-
6 buting through its facilities any television signals whether
7 broadcast or not.

1 3. Any franchise, permit, license or other authorization
2 granted by any county, city, municipality, incorporated town-
3 ship or other political subdivision for a community antenna
4 system, in violation of this act shall be null and void.

1 4. This act shall take effect immediately.

STATEMENT

The purposes of this bill is to prevent abuses and inequi-
ties which could arise in the carrying out of public responsi-
bilities in this State.



