

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS POLICY
WASHINGTON, D.C. 20504

Date: March 1, 1971

Subject: Common Carrier Television Services

To: Mr. Whitehead

The FCC Common Carrier Bureau is presently considering the first application for a common carrier television license. On July 31, 1970, the FCC released a Memorandum Opinion and Order (FCC 70-819) authorizing bandwidths to 10 Mhz in the 2150-2160 Mhz range to be used for the omnidirectional relay of TV signals by common carriers.

The application has been filed by Chicago Communication Service, Inc. presently active in the radio common carrier field. Ken Robinson and I have met and discussed the application with Leo George, local counsel for Chicago Communications. He indicates that he will file a substantial number of additional applications for major cities on behalf of other clients if this one is successful. It may be important to note the procedural problem which may exist of filing what is essentially a broadcast application with the Common Carrier Bureau. Apparently, the Bureau has accepted the filing and over half the time for petitions in opposition to the application has expired. Barring some last ditch efforts in opposition, the system may be operational in six months.

It appears that the analysis of potential demand has been limited. However, some major corporations and organizations have expressed interest. Applicant indicates his selling price to be substantially below the cost of leasing video transmission facilities from Bell. An illustration of the system in operation would be: Sears Roebuck wants to show all stores in the Chicago area the Fall wardrobe purchases; the common carrier system accepts a film of the program, sends it out, "special" antennas pick it up, the television set has an adapter so that the signal comes through on Channel 7; there is also a scrambler device in the chain which excludes, for instance, Montgomery Wards from intercepting the signal.

The applicant is prepared to sell time at a flat \$75 per hour to whomever wishes to utilize its services; it plans to have no connection to the programming aspects; it is contemplating (in the future) some variety of remote operation by a user who transmits his program tape to the transmitter via Bell leased lines; the applicant is prepared to film any event you wish, then transmit it for you.

The proposed service is an intriguing development and may eventually provide a better understanding of the demand for cable systems to serve similar purposes. Since the proposed service will also avoid access, fairness and equal time problems, it may be especially interesting to this office.

Ken and I will keep you informed on further developments.

Michael

Michael McCrudden

cc: Ken Robinson