

Minutes cameras turned to a plaque and Mr. Rather read the inscription thanking General Foods for "making possible the Nutrition Research Laboratories within this building" at Harvard. He then mentioned that "General Foods is the second largest user of sugar in this country. Other plaques like this one thank donations totalling \$2 million between 1971 and 1974 alone. The list of contributors includes: Amstar, Domino Sugar Co., Coca-Cola; Kellogg; The International Sugar Research Foundation, and the Sugar Association."

Who should pay for Ma Bell's ads?

FCC, for the moment, allows costs to be passed on to rate payers, but some on commission wonder if stockholders shouldn't bear burden; media worry about precedent

AT&T rate cases before the FCC that do not seem to have any impact on broadcasting, as such, are beginning to attract the attention of broadcast industry representatives in Washington. Reason: the substantial amount of institutional advertising done by AT&T, much of it on radio and television.

At present—and in line with basic rate-making policy the FCC adopted in February—all Bell System advertising costs can be allocated to its expenses for providing services and, therefore, can be passed on to rate payers.

Former FCC Chairman Richard E. Wiley and Commissioner Joseph Fogarty dissented to that provision of the commission's order. They said the costs should be borne by AT&T stockholders, not by rate payers.

Commissioner Fogarty continued to dis-

sent when, in individual cases involving AT&T rates, the commission has reaffirmed its decision to permit the allocation of advertising costs to the services involved. And now Mr. Wiley's successor as chairman, Charles D. Ferris, in the most recent case in which the issue was raised, indicated he may be persuaded to join Commissioner Fogarty on the question.

The issue goes beyond the FCC and AT&T. Broadcasters and proprietors of other media fear that an FCC disallowance of AT&T deductions for advertising would be used as a precedent by state utility commissions, which in recent years have been questioning ad deductions in the calculations of rates charged by utilities under their jurisdiction. Substantial advertising expenditures are involved.

The latest FCC case grew out of Defense Department petitions seeking suspension of AT&T tariff revisions for high-speed data transmission and private line services. Chairman Ferris concurred in the commission's decision denying the petitions. But he said his concurrence "should not be construed as a determination [by him] on the merits of the issue of allocation of the Bell System institutional advertising expenses..." He said he would keep an "open mind" until he is fully briefed on the issue.

The exact amount of money involved is not clear. Former Chairman Wiley, in his dissent to the commission order in the basic case, in February, said Bell System advertising expenditures in 1976 were \$100 million. The figure includes the amounts spent on Bell's state and interstate systems. However, the amount spent on "institutional" advertising is not broken out. Mr. Wiley, and presumably Commissioner Fogarty, would not object to the allocation to rate payers of costs for advertising containing "consumer information."

Setback for NBC-TV

Appeals court says plaintiff in 'Born Innocent'-related case was improperly denied jury trial

A California appeals court has reversed a decision that had protected NBC-TV from liability for airing a program that allegedly inspired the brutal rape of a young girl. A jury trial to determine whether the network can be held responsible has been ordered.

The program, *Born Innocent*, was broadcast in September 1974. It depicted the broomstick rape of a girl in a juvenile institution by several other girls. Shortly after the broadcast, a San Francisco woman filed an \$11 million lawsuit against CBS and the Chronicle Broadcasting Co., owner of NBC affiliate KRON(TV) San Francisco, claiming that her daughter was attacked in a similar incident by girls who had seen the program.

In September 1976 Judge John Ertola of the superior court in San Francisco dismissed the case after viewing the program, saying that the First Amendment guarantee of freedom of speech prohibited liability. But the state's appellate court ruled on Oct. 26 that the lower court had denied the woman her right to a jury trial.

NBC attorneys said last week they intend to file for an opportunity to reargue the case before the appellate court. If the request is denied, they plan to appeal the ruling to the state's supreme court.

Advertising Briefs

Olympic selling. Foote, Cone & Belding, New York, newsletter speculates that NBC-TV is offering exclusive product protection to advertisers making \$10-million



News that refreshes. The Radio Advertising Bureau's board of directors meeting in Phoenix, which ended Oct. 29, was enlivened by a report from Ralph Countryman Jr., director of media services, Coca-Cola U.S.A., Atlanta, that the company plans to increase its radio advertising in 1978 by a substantial margin. Toasting the announcement with Coke are board members (l-r, standing): Stephen P. Bellinger, Prairieland Broadcasters; Robert H. Alter, RAB; Richard Carr, Meredith Broadcasting; Richard Buckley, Buckley Radio Sales; Roger G. Berk, Group One Broadcasting; Jack G. Thayer, NBC Radio Division; Patrick Norman, RKO General; Rogert W. Clipp, Broadcast Management; Sam Cook Digges, CBS Radio; Frank Boyle, Eastman Radio; George Wilson, Bartell Broad-

casters; George W. Armstrong, Storz Broadcasting; Don N. Nelson, Mid America Radio; Donald A. Pels, LIN Broadcasting; Carl J. Wagner, Taft Broadcasting; Richard J. Monahan, Kops-Monahan Communications; George Duncan, Metromedia Radio; Cary H. Simpson, WTRN(AM) Tyrone, Pa.; Ralph Guild, McGavren-Guild; Lester M. Smith, Kaye-Smith Enterprises; Harold L. Neal Jr., ABC; Marvin Astrin, WGN(AM) Chicago. Left to right, seated: James P. Arcara, Capital Cities Communications; David Morris, KNUZ(AM) Houston; Richard W. Chapin, Stuart Enterprises; Michael O. Lareau, WOOD-AM-FM Grand Rapids, Mich.; Alan Torbet, Torbet-Lasker; Victor C. Diehm, WAZL(AM) Mr. Countryman; Arthur W. Carlson, Susquehanna; Miles David, RAB, and Elmo Ellis, Cox Broadcasting.