

Indies angry over cable channel switching

INTV vows to fight growing practice at systems of moving stations to higher channel assignments

Independent television operators have a new beef with the cable industry and appear to be on the verge of declaring war. They are distressed about a new marketing strategy used by a growing number of cable systems. Cable operators are realigning their channels to create a more appealing lineup to increase viewership, attract more local advertising and promote programming more easily. Consequently, some independent stations may be moved from lower channel assignments to a less desirable position on what they are calling the "upper stratosphere" of a cable system's channels. (According to research, services carried on channels below 13, particularly those adjacent to network affiliates and strong independent stations, are more heavily watched than services on higher channels.)

Alarm over this latest phenomenon surfaced during a board meeting of the Association of Independent Televisions Stations in Nashville two weeks ago. Following that meeting, INTV President Preston Padden returned to Washington ready to stop cable from what he called a "blatantly anticompetitive" practice.

In addition, he warned that such activity might preclude any further cooperation with cable on must carry. Cable is unhappy with the A/B switch provisions in the FCC's new must-carry rules and asked the broadcasting industry which also has problems with the concept, to join it in petitioning the FCC for reconsideration of that provision. INTV says cable "can't expect our help on the A/B switch" as long as these channel reassignments are occurring.

INTV leadership has been directly affected by this new marketing practice. In Oklahoma City, Cox Cable advised local network affiliates and independents that it is instituting a new channel arrangement on the first of next year. Ted Baze, president-general manager and part owner of KGMC-TV Oklahoma City, is INTV board secretary. His ch. 34 has been carried on Cox Cable's ch. 10 and will be moved to ch. 33.

"People have to go through the entire deal before they get to the independents," Baze said. "We wouldn't have a quarrel if they would put us on our own number," he added. Baze said local broadcasters are planning to meet with Cox officials and if that proves unsatisfactory, they'll approach the franchising authority. However, in summing up the situation, Don Richards, general manager of KAUT-TV Oklahoma City, noted, "it's their [cable's] train, they can run it anyway they want."

Cox said its primary reason for shifting channels was technical. The system was experiencing a serious ghosting problem, explained Jill Trione, director of communications and programming for the Cox system. She noted that Cox was moving affiliate and independent stations off their numbered channels as one way to cut down on ghost-

ing. "We'll still have a direct pick-up problem, but we choose services that would not cause as much damage." Under its new lineup, affiliates on channels 4, 5 and 9, would be carried on 7, 8 and 10, respectively. Instead, the station's program guide would be on ch. 4, the Financial News Network could be found on ch. 5 and C-SPAN would be carried on ch. 9.

Trione stressed that Cox wanted to be fair to the independents and felt that lumping them all on channels 30-34 was an equitable approach. She also said they put them together for customer convenience, so that viewers won't have to search for the independent stations. The system did not move some of the advertiser-supported services because it is interconnected with Multimedia's cable system there for selling local advertising.

Trione emphasized that Cox was devoting the next two months to informing its customers about the new channel lineup. "We're certainly going to do everything to let our customers know what we're doing," she said.

Another example cited by INTV was that of KSTW(TV) Seattle. That station is owned by Gaylord Broadcasting Co., and is broadcast over ch. 11 and carried on the same channel by most of the cable systems in the Seattle ADI. The station expects to be moved to the upper 20's, said Kevin Hale, KSTW's vice president and general manager. "For years, we've promoted ourselves as ch. 11, it's going to take a long time to get viewer patterns back to normal," Hale said.

"Our guys have had their belly full," Padden said, referring to INTV's view that the cable industry is a monopoly and that independent broadcasters are at its mercy. Padden indicated that INTV was ready to attack cable on other fronts as well. He suggested INTV might support the telephone industry's drive to become deregulated and offer information services in competition with cable. And he implied that cable's compulsory license would be in jeopardy.

Padden noted that his board's formal position would emerge after the FCC issues a final order on its new must-carry regulations. Technically, he noted, cable operators are complying with the must-carry compromise that INTV and other factions of the broadcasting industry reached with cable. That agreement says: "Systems are not required to carry stations on their channel positions, but must carry all qualified local stations in their entirety on the lowest priced tier."

Padden argued that shifting channels around is "grossly inconsistent" with the "spirit" of the agreement. The lowest priced tier, he said, was understood to mean basic service. "We made a deal for carriage on basic, which we considered to be the lowest numbered group of channels." But, since that agreement, Padden said, the nature of basic service has started changing.

Under the old must-carry rules, a VHF signal had to be carried on the same cable channel as its over-the-air designation. There were no other requirements concern-

ing channel positioning and basic was defined as the "lowest priced tier available to subscribers." The FCC's final order is not out, nevertheless, in a statement accompanying the new must-carry rule, the commission indicated that mandatory carriage would apply to "the lowest priced separately available tier of service." Unless the final order specifically states otherwise, independents will likely find it difficult to stop cable operators from realigning their channels.

"Channel positioning was never part of the deal. I don't know how they can argue for this now," said National Cable Television Association President James Mooney. He questioned the validity of INTV's complaint. "Where do they get off complaining that a ch. 22 is going to be put in a location in the mid-20's? Why should UHF signals be entitled to a channel on cable better than the one the FCC gave them?" Mooney asked. He suggested INTV was trying to use its signature to "ratchet up the deal," adding that he told INTV, "as politely as I could that their signature isn't worth that much."

Channel realignment "is not a national policy issue, it's a local issue," said Ed Allen, president of Western Communications, Walnut Creek, Calif., and an NCTA director. INTV invited Allen to address the board as an individual cable operator, not on behalf of NCTA. His primary mission was to present the cable industry's perspective on must carry, but wound up discussing channel positioning too.

INTV's complaints were not only being dismissed by the cable industry. The National Association of Broadcasters was reluctant to jump into the fray.

"It's a business practice that INTV is objecting to; channel positioning has nothing to do with the must-carry deal," said NAB President Eddie Fritts.

Channel realignment is a trend developing within the industry. At this point, operators are in a "transitional period," said Terry McGuirk, vice president for special projects for Turner broadcasting's WTBS(TV) Atlanta. WTBS and other ad-supported basic services have been trying to convince operators to consider shifting their channels to enable more effective promotion and increase viewership as well as local advertising revenue.

"We're going to see a lot of experimentation over the next year," McGuirk predicted. He said that much of the focus has been on the low-numbered channels. But there are other options being considered such as distributing network affiliates throughout the cable band. And there are some in the industry who insist that national channel alignment is essential to improving viewership of basic cable. In Los Angeles, the Southern California Cable Television Marketing Council will unveil a plan this week for a common channel lineup for the roughly 90 cable systems in the Los Angeles ADI. Under this plan the network affiliates and strong independent stations will stay where they are and the other independents would be carried on their broadcast channel designations. □