

erosion this year compared to last year. The division has gained some pay units, Burr said, bringing its total to 70,500 at a cost of \$11.95 per service.

Burr thinks that the addition of exclusive National Football League rights on cable follows the cable industry's interest of "being able to provide more exclusive programming and enhancing the programming we already provide." If the NFL rights can be obtained at a price cable operators "are willing to support, then yes, it's a good idea," she said. "Our focus is not only to think about programming exclusivity but also customer service," which she described as cable operators' "competitive edge."

As part of its customer service, the San Diego division has co-produced a new weekly half-hour program, called *On Edge*, which Burr said features San Diego business and political leaders dealing with "provocative issues, but with a humorous side to it." Such a program is one way that the local cable operator "can become actively involved" in the community, she said.

Twin State Cable TV, Lebanon, N.H.

To Maynard Boutin, running a successful cable operation requires "keeping up with the competition and changing with the times." Boutin is system manager of Twin State Cable TV in West Lebanon, N.H., and is entering 1987 with several changes in store. By February, Boutin hopes to revise his channel lineup and introduce a rate hike, but he is still working on the specifics.

The 28-channel system has been in operation since 1956 and is owned by a partnership of Tele-Communications Inc. and Taft Broadcasting. (It expanded from 12 to 28 channels in early 1983.) Twin State Cable has a 90% penetration rate, serving 9,500 of the 10,500 homes passed, and has 6,225 pay units. It offers a basic 12-channel service for \$7.72 and an expanded basic 21-channel service for an additional \$3.95. Seven premium services are available "a la carte" ranging from \$4.95 to \$11.95 each. They are HBO, Showtime, Cinemax, Disney Channel, New England Sports Network, Sports Channel and American Movie Classics.

Boutin said he will realign some of his channels in an effort to "offer more programming and as a convenience to customers." It has nothing to do with the FCC's adoption of new must-carry rules, he said, adding that must carry is not an issue for his system which has only one local broadcaster in the franchise area. For starters, he expects to drop some of the distant duplicated network affiliates he has been carrying and replace them with cable services. So far, he said, he is adding the Discovery Channel. (TCI owns a minority interest in the channel.)

Because Boutin is eliminating some signals, he won't be shifting other broadcast stations around to accommodate a new lineup. He does, however, have some channel reassignments in mind. The Cable Value Network (a shopping channel partly owned by TCI), which is carried on the system's upper band, will move down to a more visible position on the basic tier, he said, adding that the USA Network also will probably be shifted from

expanded to basic as part of the realignment.

As for rate increases, Boutin said it's a matter "that's still being worked on." He pointed out that the system enacted a 5% rate hike last February and that another increase will occur next February. "To my knowledge there is no set corporate policy on rate increases," he said, noting that it's a decision handled system by system. While the rates for basic and expanded basic are on the rise, Boutin said, there will be a slight decrease in premium services. But before any of this takes place, Twin State Cable will launch a direct-mail campaign to inform the public about the new rates as well as its new channel lineup.

He thinks it's imperative that no matter what service cable offers, the systems need to be "rate sensitive. I think there's a limit to it." For example, Boutin believes that the purchase of a Sunday night package of National Football League games by cable operators could be a powerful subscriber attraction for many systems, but would be unnecessary at his because of the system's high penetration. It all depends, he said, on the area.

He added that cable's interest in proprietary programming could have a negative effect, resulting in what Boutin calls a "merry-go-round" where cable pays heavily for those programs and consequently charges operators more, who in turn will have to charge subscribers more.

Tulsa Cable Television, Tulsa, Okla.

Tulsa [Okla.] Cable Television has some major changes in store for its 142,000 customers in Tulsa and 11 surrounding communities early next year.

The 12-year-old United Cable system plans to increase the number of channels from 35 to 42 and install addressable converters providing all subscribers with wireless remote control and an opportunity to order movies, sports and special events on a pay-per-view basis. And, partly to offset the cost of the new channels and services, the system plans to raise basic subscription rates more than 40%.

Tulsa Cable subscribers now pay \$10.60 a month for basic service. System President Mark Savage said the system would probably increase the rate by 8% or 9% after the first of the year, when municipal regulation of basic rates ends. And in March or April, he said, it



Savage

would push the fee up to \$14 or \$15 at the same time it expands the channel capacity and introduces the wireless remote and PPV.

Savage is not certain what will go on the seven new channels. Two will be set aside for national PPV services, he said, and one may be used for a fifth pay service, possibly Showtime. (The four current pay services are HBO, Cinemax, The Playboy Channel and Disney.) The remaining channels will be filled with basic services, he said. One possibility: Carl Icahn's The Travel Channel.

To help the basic rate increases go down a bit easier, Savage said, the system will also be "backing off" its pay rates. Instead of charging \$11.95 a month for each, he said, the system may charge as little as \$9.95. That means the subscriber who is paying nearly \$23 for basic service and one pay channel today, may pay no more than \$24 or \$25 after the basic fees go up and the pay fees go down.

Like other cable operators, Savage said that Tulsa Cable has seen the pay cable market go soft. But, because it never relied heavily on multipay revenues, it has not suffered as much as some that did. Tulsa Cable's pay-to-basic ratio today stands at nearly 80%.

Tulsa Cable does not plan to reshuffle its channel lineup "for the time being," Savage said. The three network affiliates, one public station and one independent will remain on the same channels they use for broadcasting. Those stations are widely identified with their broadcast signals, he said, and "ghosting," which has caused some cable operators to move broadcast signals, hasn't been a problem.

The system doesn't carry all broadcast signals in the market, taking advantage of the freedom it obtained when a federal court declared the FCC's must-carry rules unconstitutional. Savage said KGC-TV, a "very run-of-the-mill" independent, was dropped six months ago in a programming shuffle precipitated to make room for The Discovery Channel, of which United is a part owner, and C-SPAN II, which features the proceedings of the U.S. Senate. "They didn't have any ratings," Savage said by way of justifying the dropping of KGC-TV. "They probably still don't."

With 57% penetration, Tulsa Cable is right at the industry average. Savage is dubious that the cable industry's current effort to boost penetration—acquiring and promoting an exclusive package of National Football League games—will succeed. "There are a lot of sports out there now," he said, citing the broadcasting, cable services and Tulsa Cable's own sports services, which produce 52 big-time college sports events a year. "I don't know if [the NFL] is going to produce lift." But, he added, "it certainly can't be a negative."

Continental Cablevision, Stockton, Calif.

Continental Cablevision's system in Stockton, Calif., is raising its basic rate by 11% in January (from \$13.95 to \$15.50 a month), but hikes of that magnitude are nothing new to the system's 43,000 subscribers. In fact, last January, the fee went up more than 16% (from \$12 to \$13.95 a month).

Basic rates have been deregulated in