gear purchased in previously made deals. KGO-TV San Francisco is also awaiting delivery of recently ordered Beta units.

No firm plans have yet been determined for network stations in New York, Chicago, Philadelphia and Houston, Niles added, with each still considering how they would make the conversion.

Ampex President and Chief Executive Officer Charles Steinberg called the Capcities/ABC deal a "milestone order." And Stan Basara, head of Matsushita's U.S. sales arm, Panasonic Broadcast, speaking prior to the agreement, acknowledged the network's decision would be "very important," but he said if his company did not get the sale it would just "try harder...We can't fold up our tents, we have NBC to support." □

McDonald paints a bright picture for TVX

President says cost cutting and revenue raising are under way at five news indies; debt securities still to be sold; no plans for in-house sales rep for 12-station group

The TVX Broadcast Group's purchase of five independent television stations from Taft Broadcasting looks better now than when the deal was first proposed six months ago, TVX President Tim McDonald told BROADCASTING last week. McDonald said the company has no plans to spin off any of the five major-market properties to reduce the $255 million in debt, which was to have been raised through the sale of securities but is so far held as "bridge financing" by Salomon Brothers. McDonald also said that CBS has contacted the New York-based investment banking firm several times about buying WCIX(TV) Miami from TVX.

"I don't want to sell the stations," the TVX president said. "I have had three other people asking about buying [WCIX(TV)]...we are in this business to run stations." But McDonald said he would not reject any offers out of hand and would consider any proposal that made "good business sense." If the company sells any of its 12 stations it might trade up from a smaller market to a larger one. (A construction permit in Buffalo, N.Y., is scheduled to bring TVX to the 12-station ownership limit.

For the near term, the company has the task of swallowing the five stations—WCIX(TV), WDCA-TV Washington, WTAF-TV Philadelphia, KTXH(TV) Houston and KTXA(TV) Fort Worth—and getting operations up to speed before the working capital currently servicing the debt runs low: "I've got nine months to get my act together...If we operate stations the way we should, 1988 should be a walk in the park." The TVX president said debt could be comfortably handled without even getting the stations' operating margins "into the mid-teens."

The station group is already well along the way toward meeting its goals, said McDonald. In the last six months, the five stations have outperformed a Taft projection that had the group losing money on a cash basis for the year ending March.

In addition, changes already made since the purchase closed one month ago are raising additional revenue and reducing costs. A previous Taft policy against running paid religious programing on WDCA(TV) was changed: "We think that was the wrong decision and changing it put in almost a milllion extra dollars on the first day." In Miami, McDonald said WCIX(TV) was able to pick up the telecast of New York Yankees baseball games from Grant Broadcasting's WBFS(TV), adding roughly $750,000 in extra revenue.

McDonald has been visiting the newly purchased stations for the past several weeks, talking with their general managers—all of whom stayed on following the sale—about revenue and cost projections. The TVX president previously said that he would not try to conform staffing at the major-market stations to the 37-person level of the company's other properties, but that changes are being looked at. For example, TVX will reduce by one (to two) the three-person traffic department Taft previously had at each of the independent stations—compared to one traffic person at TVX's other stations. He has put in a "one-year policy" of withdrawing the five stations from industry associations: "That saves us almost $40,000 a station...times five is $200,000."

The most important expense line, programing, has been reduced due largely to strong relationships with a few syndicators: "On two occasions...they have approached me and have helped to...significantly reduce some program payables for 1987 and 1988. For some futures on out I made a couple of commitments to these companies which I think are good commitments and would have made anyway."

Another cost-cutting example is that the production facilities at KTXH(TV) Houston will probably be used to produce "pre-produced pieces to open and close programs ...especially for our intermediate market stations." McDonald said he is also considering moving the station group's uplink in Washington to Houston to facilitate the distribution of in-house production.

Cost cutting would have to avoid harming three "franchises": news, sports and the Fox Network—the latter carried by all the company's stations except KTXH(TV), KTXA(TV) and WDCA-TV. The Fox programing has helped billings, allowing the TVX affiliates to get cost-per-point increases of "four or five times" in the Fox time slots: "It...is playing better than what was there before which is all we are asking." His personal favorites, he said, were *21 Jump Street* and *Married with Children*.

Having a dozen stations will not result in TVX establishing an in-house national sales representation arm, McDonald said. "I think the key is national billings per station, because it takes a similar effort to represent Little Rock as it does Philadelphia." Because TVX has a large number of smaller-market stations the cost of effectively staffing an effective in-house effort would not be economical, he said. □

Cable and TV follow Bakker problems

Systems and stations that carry PTL programing concerned over service's ability to raise funds to cover payment of all its debts

Many cable operators and television broadcasters have more than a passing interest in the trauma that the PTL ministry has suffered as a result of founder Jim Bakker's dalliance with Jessica Hahn. More than 1,300 cable systems (serving between 14 million and 15 million homes) carry PTL-The Inspirational Network, a 24-hour-a-day programing service with a lineup of ecumenical religious programing, and some 170 television stations air the hour-long *PTL Club* each weekday. (Before the Hahn scandal erupted two months ago, *The PTL Club* was *The Jim and Tammy Show* featuring Bakker and his wife, Tammy Faye.)

The broadcasters are more concerned than the cable operators about the fate of PTL. For the broadcasters, many of them independents, the PTL programing is an important source of revenue. PTL pays them anywhere from around $100 to several thousand dollars a day to air the *PTL Club*, depending on market size and the responsiveness of the market's viewers to PTL's pleas for donations. According to some of PTL's broadcast affiliates, PTL was slow to pay before the scandal. Their fear now is that as a result of the scandal PTL will be even slower.

For the time being, most of PTL's cable affiliates appear content to sit tight. The systems carry the network for free and they are loath to drop any service for fear of vociferous protests from loyal viewers. And as some know from experience, fans of religious programing are among the most loyal viewers.

PTL officials offer assurances that the cable network, which they say is more or less self-supporting, will continue as before, except, of course, that Jim and Tammy will no longer be seen. And, while acknowledging a proclivity for falling behind in payments to broadcasters, they say that PTL is financially viable and good for whatever it owes its broadcast affiliates.

The cable and broadcast networks are critical to PTL's future. Although an increasing portion of PTL's revenues come from its 2,300-acre Heritage USA theme park and hotels in Fort Mill, S.C., PTL spokesman Neil Eskelin said that most of the PTL's rev-