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EFFECTIVE COMPETITION, A MATTER OF VITAL IMPORTANCE TO THE CABLE INDUSTRY, IS BEING REVISITED.

THE FCC IS ISSUING A FURTHER NOTICE OF PROPOSED RULEMAKING REEXAMINING THE EFFECTIVE COMPETITION STANDARD FOR REGULATION OF CABLE TELEVISION BASIC SERVICE RATES. CABLE WILL HAVE THE OPPORTUNITY TO PRESENT A STRONG CASE FOR LIMITED PRACTICAL REGULATION.

THE FUTURE OF REASONABLE CABLE RATES FOR CONSUMERS AND PRACTICAL MARKETPLACE RATES FOR THE ECONOMIC VIABILITY OF THE CABLE INDUSTRY ARE AT STAKE. THE GOAL IS TO ENSURE CONSUMERS REASONABLE BASIC RATES YET TO PROVIDE CABLE OPERATORS A MARKETPLACE ENVIRONMENT FOR ATTRACTIVE ADDITIONAL SERVICES FOR CONTINUED EXPANSION AND IMPROVEMENT. THE IDEAL MAY BE DIFFICULT TO ACHIEVE, YET WORTH THE BEST EFFORTS OF INDUSTRY AND GOVERNMENT.

IN MY MIND THE THREE STATIONS STANDARD OF THREE UNDUPLICATED BROADCAST TV SIGNALS AVAILABLE OVER THE ENTIRE CABLE COMMUNITY, NEVER CONSTITUTED EFFECTIVE COMPETITION FOR A MONOPOLY MULTI-CHANNEL PROVIDER. THIS STANDARD BECOMES PARTICULARLY LUDICROUS

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CONSIDERING THAT THERE IS NO LONGER A LEGAL REQUIREMENT FOR CABLE TO EVEN CARRY THE THREE TV SIGNALS. THUS, THE FCC IS ONCE AGAIN EXAMINING THE ISSUE OF WHAT CONSTITUTES EFFECTIVE COMPETITION AS THE CABLE ACT REQUIRES.

AFTER DIGESTING THE COMMENTS AND REPLY COMMENTS OF THE NOTICE, THE FCC WILL HAVE THE CHALLENGING TASK OF PROVIDING FREE ENTERPRISE RATE GUIDELINES FOR LOCAL COMMUNITIES THAT WOULD PREVENT UNDUE ESCALATION OF BASIC RATES, BUT STILL PROVIDE CABLE SYSTEMS WITH REASONABLE INCENTIVES FOR GROWTH, DEVELOPMENT AND PROFIT.

IT IS HIGHLY UNLIKELY THAT THIS FREE ENTERPRISE ORIENTED FCC WOULD IMPOSE RESTRICTIVE RATES THAT WOULD UNDERMINE THE ECONOMIC VIABILITY OF A CABLE COMPANY OR CAUSE A REDUCTION IN EQUITY VALUES. THEN TOO, CABLE IS AN EXCEPTIONALLY ATTRACTIVE CASH FLOW GROWTH INDUSTRY. TCI IS WELL POSITIONED FOR CONTINUED SUCCESS AND GROWTH. IT IS THE LARGEST CABLE OPERATOR IN THE UNITED STATES AND WELL-FAVORED WITH PROGRESSIVE, VISIONARY MANAGEMENT.

I HAVE READ IN COMMUNICATIONS AND FINANCIAL PUBLICATIONS THAT THE THREAT OF RATE REGULATION AND PARTICULARLY OF TELEPHONE ENTRY INTO CABLE HAS DEPRESSED THE VALUE OF CABLE STOCKS. THE LOGIC ESCAPES ME HOW THE UNLIKELY TELEPHONE ENTRY INTO CABLE PROGRAMMING AT THIS TIME COULD BE THE PRINCIPAL CAUSE FOR

DEPRESSED CABLE STOCKS. IN FACT, ALL STOCKS ARE DEPRESSED AT THIS TIME. LEGISLATION DOESN'T SEEM IMMINENT TO ALLOW FULL PHONE ENTRY INTO CABLE PROGRAMMING. THE STRONG OPPOSITION OF CABLE, TV, AND NEWSPAPERS CONSTITUTE A FORMIDABLE POLITICAL OBSTACLE.

IN THE UNLIKELY EVENT FULL PHONE ENTRY IS APPROVED, IT WOULD TAKE AN ESTIMATED SEVEN TO TEN YEARS TO INSTALL FIBER OPTICS INTO THE HOME. EVEN IF RESTRICTIONS ON TELEPHONE COMPANIES ARE COMPLETELY LIFTED, I DON'T EXPECT CABLE OR BROADCASTING COMPANIES TO HOIST A FINANCIAL WHITE FLAG RATHER THAN BATTLE THE PHONE COMPANIES FOR BUSINESS. CABLE AND BROADCASTING WOULD HAVE A VAST ADVANTAGE IN TV MARKETING KNOW-HOW AND IN LONGTIME PROGRAMMING CONTRACTS AND PRODUCTION. I BELIEVE CABLE WITH ITS DESIRABLE MULTI-CHANNEL SERVICE WILL BE ABLE TO NOT ONLY SURVIVE BUT TO THRIVE IN ANY COMPETITIVE ENVIRONMENT.

AN ARGUMENT COULD BE MADE THAT DEPRIVING THE PHONE COMPANIES FROM FULL PARTICIPATION IN THE COMMUNICATIONS WORLD IS PREVENTING OR DELAYING THE INTRODUCTION OF ADVANCED TECHNOLOGY INTO AMERICAN HOMES -- NOT ONLY IMPROVED PHONE, RADIO AND TV BUT ALSO THE GREAT POTENTIAL OF TWO WAY COMMUNICATIONS, ELECTRONIC NEWSPAPERS, COMPUTERS, DATA PROCESSING AND ACCESS, AND ALL THE OTHER TECHNOLOGICAL WONDERS COMING ON STREAM.

ONE ENTITY PROVIDING ALL THE VITAL COMMUNICATIONS SERVICES TO THE AMERICAN HOME COULD BE THE ULTIMATE IN ECONOMY OF SCALE AND EFFICIENCY, BUT WOULD CONSTITUTE THE MOST POWERFUL MONOPOLY EVER ENVISIONED BY MANKIND. AT&T WAS FORCED TO DIVEST A FEW YEARS AGO FOR CONSIDERABLY LESS MONOPOLY POWER. IN THE MEANTIME BEFORE THE TECHNOLOGICAL ARMAGEDDON, CABLE, TV AND NEWSPAPERS ARE PROVIDING SEPARATE, WIDELY ACCEPTED, LOCAL SERVICES.

I BELIEVE CABLE AND BROADCASTING HAVE PRESENTED THE AMERICAN PUBLIC WITH THE MOST COMPREHENSIVE AND BEST TELECOMMUNICATIONS SERVICE IN THE WORLD. I DON'T THINK PUBLIC INTEREST IS SERVED BY MAKING THEM ANY LESS THAN THEY ARE.

CONGRESS IN ITS WISDOM AND THE FCC IN ITS DELIBERATIONS ARE CONSIDERING PROGRESSIVE STEPS TO PRESERVE THESE SERVICES BY ASSURING AN EQUITABLE MARKETPLACE THAT BEST SERVES THE AMERICAN CONSUMER.