

fear other members will exploit TV and radio in Senate to help them campaign for presidency. But, he said, "that isn't our desire, nor our purpose" for bringing electronic coverage into Senate.

Bills Leland introduced would codify EEO guidelines for broadcast industry similar to those in new cable law (PL 98-549), including annual FCC hiring reviews, fines and revocation of broadcaster auxiliary relay licenses (CD Dec 12 p8). Others would set up guidelines for lifeline telephone service and tax credits for minorities purchasing broadcast properties, latter identical to bill he proposed in last Congress.

Although Leland hasn't solicited such support, bills were variously cosponsored by Reps. Bryant (D-Tex.), Collins (D-Ill.), Markey (D-Mass.) and Wirth (D-Colo.), who chairs Telecom Subcommittee.

Rinaldo and Hawkins held news conference Thurs. after introducing their bills to establish new Board for International Bestg. service called Radio Maccabee to broadcast Hebrew education and cultural and political programs to Soviet Union. They said program would be auxiliary to Radio Liberty and could be funded with \$3 million taken from money they recommended be cut from State Dept.'s \$67 million travel budget.

Will USCI Go C-Band?

TWO COMPETING GROUPS BIDDING FOR USCI

Two different and apparently competing groups of investors are trying to take over United Satellite Communications (USCI) from current owners Prudential Insurance, General Instrument and real estate developer Francesco Galesci, we've learned. Final word on USCI -- if there is such thing with company that's been on edge of grave more than once -- should come by Jan. 10. Bids stopped company from going out of business Dec. 28.

As we've reported, Tele-Communications Inc. is one of bidders. Carolyn Baker, asst. to TCI Chmn. Robert Magness, confirmed there have been discussions but said no agreement had been reached. TCI senior executives weren't available to provide additional details. Joining TCI in bid is General Instrument, sources tell us. GI, hardware manufacturer for USCI's current DBS service, apparently wants to increase its 15% stake, but its intentions remain unclear as company executives declined to comment.

Heading 2nd group of bidders is Galaxy Best. Services, 1-1/2-year-old satellite TV system manufacturer. CEO Blair Gilbert told us that if his company acquires USCI, it will drop current service, restructure company to offer package of cable program services to backyard dish owners. USCI's current service requires installation of special reception equipment to receive high-power, Ku-band signal, is incompatible with C-band satellite reception equipment installed by approximately 600,000 homeowners. Such a move by GBS would add 6th company to group of 5 others, including HBO and Showtime/Movie Channel, already considering sale of cable services to dish owners. TCI reportedly is one such company, but relationship of that and its bid for USCI are not clear.

GBS made offer Dec. 28, day that had been set for shutting down USCI, has offered to buy option for right of first refusal on purchase from current owners, Gilbert said. Also involved with GBS bid, he said, is UPI CEO Douglas Ruhe, who had been in on scuttled effort to merge USCI with Comsat's Satellite TV Corp. Gilbert declined to identify other investors in group but said venture capital sources are involved and GBS now has \$85 million in capital committed. Company feels it will need \$125 million to acquire and operate USCI.

If it should win, Gilbert said, GBS probably would rename service USCI's Galaxy Network, after Galaxy satellite many cable services now use to transmit signals. Service would retail for \$20-\$25 a month, offer at least 2 different packages of basic and pay cable services, each carrying 5-6 signals. As for USCI's current subscribers, which he estimated at 7,000-8,000, Gilbert said GBS planned to replace their hardware with GBS's own receiving equipment at total cost of \$17 million. Gilbert views his company's efforts as that of "martyr" for TV receive-only (TVRO) industry but said if someone doesn't make move, publicity from death

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of USCI would set back business for years. GBS expects to turn profit eventually from selling cable programming to dish owners, he said.

What's unclear is which companies are talking to each other in all the dealing that's going on. USCI Pres. Nathaniel Kwit told us USCI has received just one offer, would not disclose source. But, he insisted, GBS has nothing to do with acquisition talks. Gilbert said it's not surprising Kwit hasn't heard of offer since he's dealing directly with 3 partners in USCI, not company itself. Prudential declined comment and Galesci couldn't be reached. As for GI, Gilbert said its officials have told him: "If we're going to be involved [with USCI], we're going to run it."

Meanwhile, Kwit disputed much of recent reporting about USCI, said reporters are listening to "minority shareholders who don't know what they're talking about." He said company has nearly 10,000 subscribers with no churn and customers are paying bills. Staff cuts have not been as drastic as reported either, he said, with USCI now down to 80 staffers, cut of 20 since beginning of Dec. Company had more than 200 employees in March. He admitted Dec. 28 would have been last day if it hadn't been for most recent buyout bid, but notes "this cat has certainly had more than 9 lives."

USCI was able to market for only 8 weeks before Prudential shut off flow of marketing funds and said company needed to find new investors, Kwit explained. When it was able to push service, though, he said it made 400 sales daily -- rate of about 12,000 a month in only 10% of total area satellite signal can reach: "Although the business takes a lot of money, it's clear the product seems to be working." Kwit said it was "complete surprise" when Comsat backed away from proposed merger. USCI will keep going as long as it sees viable offer. Meanwhile, GBS's Gilbert said he's learned USCI very recently got out of 9-year \$108 million contract for transponder time on Anik satellite, is now getting time on day-to-day basis.

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Panasonic Industrial announced Thurs. it has signed BR Satellite Communications to distribute Panasonic's satellite TV receiving equipment in U.S. Move brings about long-awaited entry of major Japanese manufacturer and brand name into U.S. TVRO business. BR Satellite will distribute Panasonic's low noise block-down converters and satellite receivers, with supplies arriving in March. "This is the beginning of a long-term commitment to the C-band market for Panasonic," Bernard Lidsky, asst. gen. mgr. of New Technology Products Group, said in news release.

Other Waivers Also Backed

JUSTICE RECOMMENDS BOCS BE ALLOWED TO SELL SOFTWARE AND SUPPORT SERVICES

Regulated Bell Operating Cos. (BOCs) should be able to sell directly to other operating telcos operations-related software and support services they develop, Justice Dept. has recommended to U.S. Dist. Court, D.C. Recommendation was part of compromise DoJ worked out with BellSouth on company's request for waiver of Modified Final Judgment (MFJ) permitting it to sell software and services. DoJ also recommended Court approve waivers allowing BellSouth to enter foreign ventures and BellSouth and Nynex to provide real estate services.

BellSouth originally wanted to establish separate subsidiary to sell software and related services, including certain systems developed by regulated BOCs. DoJ objected because of possibility of cross-subsidization but liked idea of operating telcos' sharing research developments among themselves.

Under compromise, DoJ asked Court to grant waiver permitting BellSouth to establish separate subsidiary to provide software, with provision it not obtain software from BOCs. However, Justice also asked Court to approve separate waiver allowing regulated BOCs to sell systems such as Plant Local Records Management System, along with customization, maintenance support and related services, to other telcos. Regulated BOCs wouldn't be allowed to sell software or provide services to telco subsidiaries such as cellular phone service providers.

Substantial and expensive R&D is required if BOCs are to provide most efficient and highest quality local phone service, DoJ said, and purpose of waiver is to allow BOCs to recoup some of such costs while sharing knowledge with other, especially smaller telcos.

In recommending approval of waivers permitting foreign ventures and real estate services, Justice said requests were essentially same as those approved by Court Dec. 13 (CD Dec 17 p1). Only difference is wording change specifying that, consistent with MFJ, Regional Holding Cos. may use real estate subsidiaries to provide customer premises equipment to shared tenant service customers. DoJ said change doesn't broaden scope of CPE sales permitted by MFJ, merely allows such sales through real estate subsidiary.