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February 19, 1998

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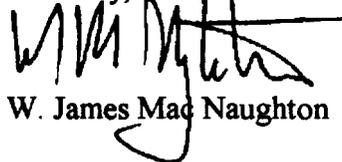
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: In the Matter of Implementation of the Cable
Television Consumer Protection and Competition
Act of 1992 Petition for Rulemaking of Ameritech
New Media, Inc. Regarding Development of
Competition and Diversity in Video Programming
Distribution and Carriage
CS Docket No. 97-248/RM No. 9097

Dear Secretary:

Enclosed for filing please find the original and eleven (11) copies of the Reply
Comments of World Satellite Network, Inc.

Sincerely,



W. James Mac Naughton

WJM:lw

Enclosures

cc: D. Klein, Cable Services Bureau
Int'l Transcription Services, Inc.

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**Before the
Federal Communications Commission
Washington, D.C. 20054**

In the Matter of :)	
)	
Implementation of the Cable Television Consumer Protection and Competition Act of 1992)	CS Docket No. 97-248
)	
Petition for Rulemaking of Ameritech New Media, Inc. Regarding Development of Competition and Diversity in Video Programming Distribution and Carriage)	RM No. 9097
)	

REPLY COMMENTS OF WORLD SATELLITE NETWORK, INC.

W. JAMES MAC NAUGHTON, ESQ.
Attorney for World Satellite Network, Inc.
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(732) 634-3700

Dated: February 19, 1998

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I. Published Rate Cards Show the Largest SMATV and MMDS Companies Pay at Least Thirty-three Percent (33%) More than the Smallest Franchised Cable Companies for the Same Programming

All the programmers and franchised cable companies claim that the program access rules are working just fine and do not need any changes. But both the anecdotal evidence of the MVPD's who compete with cable and the empirical data from available sources show—beyond question—that the current program access rules are not working.

The largest SMATV and MMDS operators are paying at least thirty-three percent (33%) more than the smallest franchised cable companies for the same programming. This discrimination is due solely to the fact that SMATV/MMDS companies are not franchised cable companies and not because of any of the factors enumerated in 47 C.F.R. §76.1000(b)(1) through (4). If the market for programming were truly technology neutral, then the largest SMATV/MMDS companies should be paying less than the smallest franchised cable companies.

Attached as Exhibits 1 and 2 are copies of the 1997 rate cards publicly distributed¹ by the National Cable Television Cooperative (“NCTC”), a buying group that sells programming exclusively to franchised cable operators², and Netlink International (“Netlink”), a buying group owned by TCI Communication, Inc. that sells programming to SMATV and MMDS operators who do business in TCI franchise areas and contiguous counties. Attached as Exhibit 3 is a comparison of their rates for all programming they sell in common. Attached as Exhibit 4 is a comparison of their rates for all programming they sell in common from vertically integrated programmers.

¹Both of these rate cards were made available to a prospective customer and without any confidentiality agreement.

²NCTC also sells programming to franchised cable operators for use in SMATV systems owned by those operators outside their franchise area.

These Exhibits show that Netlink charges the largest SMATV/MMDS operators at least thirty-three percent (33%) more for the same programming NCTC charges the smallest franchised cable operators. The only reason this disparity exists is because the programmers who sell to NCTC and Netlink charge the largest SMATV/MMDS companies substantially more than the smallest franchised cable operators when they buy directly from the programmer.

A buying group has to price its programming below the prices the programmer charges for selling directly, otherwise the customers of the buying group deal directly with the programmer. If NCTC sets its prices above the vendor's price, then NCTC loses its customers to the vendor. Thus, the prices charged by NCTC are at or below the lowest prices available to small franchised cable operators directly from program vendors.

Like NCTC, Netlink has to set its prices competitively to what SMATV/MMDS companies pay to buy directly from the programmer. Indeed, most of the prices charged by Netlink are below the lowest prices available to SMATV and MMDS companies from any other source, including the vendor or any other buying group. Thus, the prices charged by Netlink are at or below the lowest programming prices available to the largest SMATV/MMDS companies from program vendors.

The thirty-three percent (33%) disparity cannot be explained by the cost of programming to NCTC or Netlink. NCTC and Netlink both buy programming at the franchised cable rate. NCTC is buying programming at lower rates than any of its members could get by dealing directly with the programmers. Netlink uses the buying power of TCI and therefore buys programming at the best terms available in the industry.

It is a safe assumption that Netlink's programming costs are lower than NCTC's costs.³ It is also a safe assumption that Netlink's operating costs are lower than NCTC's operating costs since NCTC is a larger organization serving more MVPD's than Netlink. Thus the thirty-three percent (33%) disparity in rates charged by NCTC and Netlink to their respective customer base is not a function of their respective costs.

Nor can the thirty-three percent (33%) price advantage enjoyed by NCTC's franchised cable companies be explained by volume discounts a programmer gives based on the size of the MVPD's served by NCTC and Netlink. Indeed, NCTC's franchised cable companies are smaller than Netlink's SMATV/MMDS companies.

NCTC claims to have 837 member companies representing 5,300 cable systems with an aggregate of 7.5 million cable subscribers.⁴ NCTC does not reveal the size of its member companies but the application of simple division suggests that each NCTC member has an average of 8,960 subscribers. It is a safe assumption that the average NCTC franchised cable operator has well under 50,000 subscribers.⁵ It is also a safe assumption that if NCTC franchised cable companies were buying programming directly from the vendor, they should be paying the highest rates because they are the smallest companies.

³NCTC complains that programmers do not treat NCTC the same as a comparably sized MSO. See *In the Matter of Annual Assessment of the Status of Competition in Markets for the Delivery of Video Programming*, CS Dkt. No. 97-141, Comments of Small Cable Business Association dated July 23, 1997 (the "SCBA Comments") at p. 13-15.

⁴SCBA Comments at p. 13.

⁵By way of comparison, in 1995, the thirty-five (35) largest cable MSO's had 48,274,000 or 78% of the total industry subscriber base of 62,100,000. *In the Matter of Annual Assessment of the Status of Competition on Markets for the Delivery of Video Programming*, Fourth Annual Report, CS Docket No. 97-141, FCC 97-423 ("*Fourth Annual Report*") at Table 7A. The smallest of those MSO's had 38,800 subscribers. If, as NCTC claims, it represents the small cable operator, then those companies should be smaller than the thirty-fifth largest MSO.

Netlink's customers include OpTel and CablePlus, which are two of the largest SMATV operators in the country with 147,000 and 73,000 subscribers respectively.⁶ Thus some of Netlink's SMATV customers are larger than many of NCTC's franchised cable companies. It is safe to assume that if OpTel and CablePlus were buying programming directly from the vendor, they would be paying the rates offered to the largest SMATV companies.

Netlink charges the largest SMATV/MMDS companies thirty-three percent (33%) more than NCTC charges smallest franchised cable companies because the program vendors charge the largest SMATV companies thirty-three percent (33%) more than they charge the smallest franchised cable companies and for no other reason. If the program vendors offered lower prices solely on the basis of the number of subscribers an MVPD has, then the rates offered by Netlink to the largest SMATV companies would be lower than the rates offered by NCTC to the smallest franchised cable operators.

Both NCTC and Netlink are competitively pricing their programming against the rate their customer would pay if it went directly to the programmer. If programmers charged the largest SMATV/MMDS companies lower rates than they charge the smallest sized franchised cable operators, then Netlink would not be able to charge a thirty-three percent (33%) premium because the SMATV/MMDS companies would simply deal directly with the programmer.

II. The Commission Should Lift the Cloak of Secrecy

The companies who compete with franchised cable companies uniformly agree the program access rules need to be amended to put some real "teeth" into them. Each one of these competitors has a story to tell about why the shortcomings in the current rules dissuade them from

⁶*Fourth Annual Report* at Table D-1.

filing complaints. And each one of them is telling the Commission the same thing — program discrimination continues under a cloak of secrecy.

Several of the competitors repeat their own experience — identical to WSNet's — of being unable to get accurate information from programmers. Mr. Oristano, an MMDS operator hit the nail squarely on the head when he said, "there is no ability to get any information about what cable programmers *actually* charge their masters, net of all hidden discounts, marketing subsidies, and *quid pro quos* between deals." Like WSNet, Mr. Oristano is reluctant to jeopardize his relationships with programmers by filing complaints with the Commission based on what he knows but cannot prove with available information. The Commission should lift the cloak of secrecy and require programmers to create a rate card and make it available to MVPD's.

The programmers all complain about disclosing their "sensitive" business information. But the only thing truly "sensitive" about the information is that its disclosure will raise many embarrassing questions about why franchised cable operators consistently get better prices than alternative MVPD's.

In a market that is truly competitive and not subject to any government regulation, a vendor has a legitimate interest in avoiding the embarrassment of explaining price differentials to similarly situated customers. The aggrieved customer can and would simply find another supplier.

But as Congress recognized when it adopted Section 628, the video programming market is far from truly competitive. It has historically been controlled by the franchised cable industry and very little has changed since 1992.

Thus, unlike suppliers in a competitive market, vertically integrated programmers have a statutory obligation to sell their programming in a non-discriminatory manner. The MVPD's who are supposed to be protected by Section 628 should at least have the opportunity to ask the

embarrassing question of why they do not get the same rates and benefits as a similarly situated franchised cable competitors. Under the cloak of secrecy that pervades the programming business, this question can never be fairly asked since the requisite information is not available.

But the question can and should be asked and the answer must be given. As the comments of cable's competitors show, the answer will quite likely be not simply an embarrassment but rather a demonstration that discrimination in the sale of programming continues on a systematic basis six (6) years after the adoption of Section 628.

As Exhibits 3 and 4 show, some information is publicly available, although not from the programmers themselves. From that limited information, a number of embarrassing yet legitimate questions need to be asked.

- Why does Netlink charge the largest SMATV/MMDS operators forty percent (40%) more than NCTC charges the smallest franchised cable operators for CNN and companion services?
- Why is TCI selling Encore at a fifty percent (50%) discount to SMATV operators who compete with small cable operators in counties contiguous to TCI franchise territories?
- Why is TCI charging the largest SMATV operators 80% more for fix than the smallest franchised cable operators?

The cloak of secrecy has been smothering these questions before they can be asked. The time has come for programmers to stop hiding behind the mask of "sensitive" information and bring programming rates into the light of day so the companies paying those rates can know whether the programmers are complying with the law.

III. The Commission Should Abolish the 5¢ Threshold for a Showing of *Prima Facie* Discrimination

As the attached Exhibits show, the amount of rate discrimination can be small — as small as 1¢. And as the attached Exhibits show, the pennies very quickly add up to meaningful numbers. Pennies are not *de minimus* in the video programming business. MVPD's can and do make serious business decisions based on 1¢ differences in the price of programming. As WSNNet stated in its initial comments, the 5¢ threshold for making a *prima facie* case of discrimination should be abolished.

IV. Violators of the Program Access Rules Should Pay Damages

Violations of the program access rules cause very real and tangible damages. In WSNNet's case, discriminatory pricing means lost customers and lost revenues. There is no reason why WSNNet should have to suffer this injury for the illegal conduct of program vendors. The appropriate measure of damages, as described in WSNNet's initial comments should be the higher of the injured party's loss (including consequential damages) or the violator's gain.

The date for the calculation of damages should be the date the violation began and there should be a six year statute of limitations on claims. Petitioners should only have to plead the existence of damages in an amount to be determined in the initial complaint since the actual amount of damages cannot fairly be determined until after discovery is complete.

WSNNet supports a bifurcated proceeding in which liability and an order curing the violation is first issued. Damages can then be assessed in a subsequent proceeding.

In the alternative, the Commission should consider interpreting Section 628 as giving aggrieved persons a private right of action in federal court. This would allow injured MVPD's to pursue damage claims in a forum already well suited for addressing such issues.

V. There Should be Full Discovery

WSNet agrees with Echostar that the Commission should use the Federal Rules of Civil Procedure as a model for conducting discovery. Too often, program access matters have been addressed on the basis of incomplete disclosures and vague, self-serving statements made by attorneys in pleadings. As the Exhibits attached to these comments show, there is hard and fast information available, both by testimony and documents, to explain how and why programmers make their pricing decisions. If the programmers have been conducting their business in compliance with Section 628 for the past six years, then they should have no problem with explaining their conduct under oath with the full production of relevant documents. WSNet submits that the strong desire of programmers and franchised cable operators to avoid discovery is that the cloak of secrecy has been hiding significant discrimination against alternative MVPD's.

VI. All Employees of a Complaining Party Assisting in the Prosecution of a Complaint Should Have Access to Confidential Information

WSNet strongly disagrees with the proposal of HBO that only counsel be given access to confidential information in an program access proceeding.⁷ The people most knowledgeable about the acquisition of MVPD programming are working for either MVPD's or programmers. There simply are no recognized unaffiliated "experts" the attorney for a petitioner can rely on to explain information obtained during discovery. And even if experts were available, there is no compelling reason why a complaining party should have to pay expert witness fees to understand information the party deals with on a daily basis. HBO's proposal will only increase the cost of filing a complaint and discourage MVPD's—small companies in particular—from protecting their statutory rights. The employees of the complaining party participating in the prosecution of the claim should be among the persons allowed to see "confidential information."

⁷HBO is the only commentor to make this suggestion.

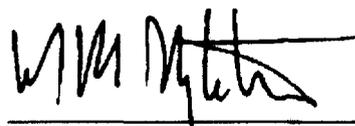
VII. The Commission Should Set Time Limits for Deciding Program Access Complaints

Opponents of setting time limits for deciding program access complaints all point to the Commission's scarce resources and overworked staff as the reason for why the Commission should not set deadlines for itself. This argument misses the point. If the Commission is serious about enforcement of the program access rules, then it will allocate the resources necessary to take effective enforcement actions. Setting a deadline for concluding a program access complaint means the Commission is making a firm commitment to make enforcement of the program access rules a high priority in its overall agenda. Such a commitment should, in and of itself, send a strong and unmistakable signal to the video programming industry that the Commission is serious pricing programming on a technology neutral basis. Such a signal, combined with requiring programmers to make rate cards available to MVPD's and levying damages for violations, should go a long way towards curing a problem that has festered for too long.

VIII. The Commission Should Expand the Attribution Rules

WSNet agrees with the Wireless Cable Association that the attribution rules need to be modified to take into account the many new techniques used by franchised cable operators and their investors, e.g. Microsoft, to own or control programming. In a world of complicated mergers and business "joint ventures," the ability to control a programmer comes not just from ownership but from many other factors and influences as well. The attached Exhibits show that non-vertically integrated programmers continue to discriminate against alternative technologies. Clearly they are doing so at the behest of the franchised cable monopoly. The time is ripe for the Commission to examine these methods of control.

Dated: February 19, 1998



W. JAMES MAC NAUGHTON

NETC 1997 Rates/Contract Expiration Dates

PROGRAMMING NETWORK	1997 CO-OP RATE	1997 RATE CARD RATE	EXPIRATION DATE	1997 SPECIAL LAUNCH DEALS
AMC	\$.2244	\$.29	12/31/00	9 months FREE carriage for launches in 1997
AMERICA'S HEALTH	FREE	FREE	4/10/06	\$.0833 per sub per month through 1998 & \$.45 per sub per year in marketing
BRAVO	\$.15045	\$.17	12/31/99	
BET	\$.12	\$.12	12/31/98	6 months FREE carriage for launches in 1997
BET ON JAZZ (if BET carried)	FREE		12/31/01	
BET ON JAZZ (if BET not carried)	\$.05		12/31/01	
CABLE IN THE CLASSROOM	\$.0425/sub/yr.		None	
CARTOON				\$.10 per sub in marketing at launch
Charter '92	\$.076	\$.076	10/1/97	
Charter '93	\$.08	\$.08	10/1/97	
Non-Charter	\$.09	\$.09	10/1/97	
CLASSIC SPORTS	\$.10	\$.10	4/30/00	Less than 3,000 subs: \$.40 per sub; More than 3,000 subs: \$1,500
CNBC	\$.1224	\$.20	12/31/02	
CNN				\$.30 per sub in marketing at launch
w/TBS, TNT and HN	\$.2969	\$.3475	4/15/00	
w/TBS, HN	\$.3137	\$.3675		
w/TBS, TNT	\$.3221	\$.3775		
w/TBS	\$.3389	\$.3975		
w/TNT	\$.3557	\$.4175		
all other cases	\$.3725	\$.4375		
CNNfn or CNNSI			10/24/01	\$.10 per sub in marketing at launch
w/CNN, HN and TNT	FREE	FREE		
w/CNN and HN	\$.12	\$.12		
all other cases	\$.30	\$.30		
COMEDY CENTRAL	\$.1615	\$.17	12/31/99	New launches in 1997 at 90+% penetration receive 9 months FREE
COURT TV	\$.1122	\$.13	12/31/01	\$.50 per sub and 1 year free or \$1.50 per sub in marketing for 1997 launches
C-SPAN (65% or greater company-wide)	\$.05202	\$.06	3/14/98	
C-SPAN (less than 65%)	\$.06	\$.06		
C-SPAN 2	Free w/C-SPAN	Free w/C-SPAN	3/14/98	
DISCOVERY CHANNEL				
NR-1	\$.19646	0.275	12/31/03	
Rebate and Non-Rebate	\$.19972	0.22	12/31/03	
ENTERTAINMENT TV	\$.117	0.12	6/14/99	2 years FREE carriage or \$2 per sub for new launches in 1997
ENCORE	\$.6595		1/1/02	
ENCORE PLEX	\$.406		1/1/02	
FAITH & VALUES (ODYSSEY)	\$.01836	0.03	1/1/98	
FAMILY CHANNEL	\$.144	0.18	1/1/01	
FAMILY CHANNEL (Channel 2-20)	\$.1224	0.153	1/1/01	\$.25 per sub in marketing for new launches on channel 2-20, or realignment
FIT TV	FREE	FREE	1/1/05	\$.50 per sub for new launches in 1997 (see programming summary)
*FLX	\$.305		4/31/00	
FOX NEWS	\$.20	\$.20	10/7/06	\$.80/sub for new launches in 1997 at 90% penetration-must meet requirement
*FX	\$.2634 (eff. 4/1/96)	\$.2634	5/31/99	\$.150 per sub for new launches in 1997
FX MOVIES w/FX	FREE		5/31/99	
FX MOVIES (no FX in system)	\$.1625		5/31/01	\$.1 per sub for new launches in 1997 (\$1 if launched by 3/31/97) + 12 months free

GAME SHOW NETWORK	FREE		12/31/01	\$1 per sub for new launches in 1997 (\$1 if launched by 3/31/97) + 12 months free
GOLF CHANNEL (on basic)	\$1.386	\$.14	10/5/98	
GREAT AMERICAN COUNTRY	FREE or \$.0575		12/31/10	At least 3 months FREE for new launches in 1997 and \$.50 per sub
HOME & GARDEN	\$.10	\$.105	12/31/00	Up to \$.10 per sub per year in marketing--Call HGTV for launch incentive
HISTORY CHANNEL	\$.14	\$.15	12/31/99	6 months free for new launches in 1997
HEADLINE NEWS	FREE w/CNN	FREE w/CNN	4/15/99	Up to \$.15 per sub in marketing at launch
w/TBS	\$.4175			
w/all others	\$.4375			
HBO	BASED ON RETAIL RATE		11/30/00	Co-op is at 25% volume discount rate: 1997 max: \$6.74, min: \$5.69
INDEPENDENT FILM CH.	\$.17		12/31/99	
INSPIRATIONAL	FREE	FREE	Contract Pending	\$.20 per sub per year in marketing
JONES COMPUTER NET.	\$.12	\$.14	12/31/00	
LEARNING CHANNEL (charter)	\$.0692	\$.08	12/31/98	Free through 1997 for new launches (not to exceed 6 months free)
LEARNING CHANNEL (non-charter)	\$.14	\$.14	12/31/98	Free through 1997 for new launches (not to exceed 6 months free)
MEU (KNOWLEDGE TV)	\$.0714	\$.095	12/31/00	\$1.00 per sub and 1 year free for new launches in 1997
MSNBC	\$.0816		12/31/02	
MUCH MUSIC	\$.07	\$.09	12/31/98	Dish rebate program= \$2 per sub up to \$1000/system
MTV	\$.20196	\$.252 - \$.38	6/30/00	
THE MOVIE CHANNEL	\$.459	\$.485	5/31/00	
NET	FREE	FREE	9/1/06	
NEWSPORT	\$.08		12/31/99	Free for 1 year for new launches in 1997 plus \$.10 per sub in marketing
NICKELODEON	\$.2745	\$.343 - \$.49	6/30/00	
NOSTALGIA	\$.06375	\$.120	12/31/02	Free for 2 years for new launches in 1997
OUTDOOR LIFE	\$.15	\$.15	4/26/01	Free through 1997 and \$1.00 per sub for new launches in 1997
OVATION	\$.02		12/31/03	Up to \$.25 per sub for marketing for new launches
PREVUE NETWORKS				First month free for new launches
Prevue 1000	\$.514.10		12/31/97	
Egg Jr.	\$.0914 (\$171 min.)		12/31/97	
*SCI-FI CHANNEL	\$.0836 (eff. 10/96)	\$.12	9/23/97	Free through 1997 for new launches (not to exceed 6 months free)
SHOWTIME	BASED ON RETAIL RATE		5/31/00	
SPEEDVISION	\$.15	\$.15	4/26/01	Free through 1997 and \$1.00 per sub for new launches in 1997
STARZ	\$.285		1/1/02	Must carry Encore or Encore Plex to be eligible to carry STARZ
SUPERAUDIO	\$.03		12/31/99	
TNT	\$.52	\$.52	12/31/98	Up to \$.25 per sub marketing for new launches
TRAVEL CHANNEL	\$.06	\$.06	12/31/97	New launches in 1997 will receive 18 months FREE
TURNER CLASSIC MOVIES	\$.17	\$.17	4/15/99	2 years free for new launches in 1997 (at 90%+ penetration)
TV FOOD	FREE	\$.03	12/29/98	
TV LAND	FREE	FREE	12/31/01	
VH-1	\$.08415	\$.105 - \$.15	6/30/00	
*WEATHER CHANNEL	\$.132 (eff. 3/97)	0.145	2/27/98	1 year free for new builds, \$.10/sub marketing at launch
Markets 1-15	\$.1147 (eff. 3/97)	0.1224		

* These programmers will have their annual increases sometime in 1997. FIX will increase to \$.355 per sub on 6/1/97; FX will increase by the CPI (approx. 3%) on 6/1/97; Sci-Fi will increase to approx. \$.1036 on 10/1/97; Weather Channel's rate will remain at \$.1071 (markets 1-15) and \$.1224 until 3/1/97 when they will increase to the rates listed on the chart above.

The above rates are subject to changes in volume/performance discounts. Rates are based on basic/expanded basic (minimum penetration varies) carriage. Tier rates could be higher. Please refer to current program summary. Note: The above rates include the normal NCTC service charge of \$.005 or 2% per sub, whichever is less. This charge only applies to those services on which the Co-op has achieved a volume discount. Rates are subject to change.

NETLINK INTERNATIONAL PACKAGE RATES*

SMATV, 18GHZ 1997 Programming Rates Per Service Per Outlet/Subscriber Per Month

SERVICE	RATE	SERVICE	RATE
A&E	\$0.13	HOME & GARDEN	\$0.14
AMC	\$0.26	INTERN'L CHANNEL	\$0.09
BET	\$0.16	KBL	\$0.86
C-SPAN	\$0.06	LEARNING CHANNEL	\$0.08
C-SPAN 2	Included w/ C-Span	MEU	\$0.03
CARTOON	\$0.10	MTV	\$0.32
CNN	\$0.46	NICKELODEON	\$0.45
CNN/HDL NEWS	\$0.46	SPTSCHL CHICAGO	Call for Pricing***
CNN (w/ TNT**)	\$0.45	TNN	\$0.10
CNN (w/ TBS**)	\$0.42	TNT	\$0.64
CNN (w/ TBS & TNT**)	\$0.44	TWC	\$0.14
CNN/HDL (w/ TBS**)	\$0.41	USA	\$0.38
CNN/HDL (w/ TBS&TNT**)	\$0.39	VH1	\$0.15
COMEDY	\$0.21	WTBS	\$0.08
COURT TV	\$0.13		
DISCOVERY	\$0.23		
E!	\$0.12	<u>PREMIUMS</u>	
ESPN	\$0.81	CINEMAX	\$3.90
ESPN2	\$0.21	DISNEY	\$5.03
FAMILY CHANNEL	\$0.17	DISNEY BULK	\$0.70
FOX SPORTS	Call for Pricing***	ENCORE	\$0.27
FOX SPORTS INTMTN	Call for Pricing***	HBO	\$6.33
FOX SPORTS NW	Call for Pricing***	HBO BULK	\$3.53
FOX SPORTS RKYMTN	Call for Pricing***	SHOWTIME	\$5.75
FOX SPORTS SW	Call for Pricing***	SHOWTIME BULK	\$3.40
fx	\$0.45	TMC	\$5.75
HISTORY	\$0.27	TMC BULK	\$3.40

*To create a custom package, choose six or more of the following Basic Services in any combination. Minimum Charge for Netlink Basic Services: 45% of each Property's Total Number of Homes Passed, Hospital/Hotel is 80% of each Property's Total Number of Rooms Passed. Service, selection, pricing and locations subject to change.

**Rates indicated are for CNN or CNN/HDL News ONLY! Please include the rates for the additional Turner services noted in order to determine the total rate. i.e., total cost of CNN/HDL (w/ TBS & TNT) @ \$0.39, plus the cost of TNT @ \$0.64, plus the cost of WTBS @ \$0.08, equals \$1.11.

***Regional pricing and certain other restrictions may apply. Call for specific details and pricing on a per system basis.

SERVICES LISTED IN "BOLD" INDICATE NEW LOWER PRICE!!!

Rates effective 3/1/97

Exhibit 2

NETLINK INTERNATIONAL A-LA-CARTE RATES*

SMATV, 18GHZ 1997 Programming Rates Per Service Per Outlet/Subscriber Per Month

SERVICE	RATE	SERVICE	RATE
A&E	\$0.14	HOME & GARDEN	\$0.15
AMC	\$0.28	INTERN'L CHANNEL	\$0.10
BET	\$0.17	KBL	\$0.87
C-SPAN	\$0.07	LEARNING CHANNEL	\$0.10
C-SPAN 2	Included w/ C-Span	MEU	\$0.04
CARTOON	\$0.11	MTV	\$0.35
CNN	\$0.50	NICKELODEON	\$0.46
CNN/HDL NEWS	\$0.50	SPTSCHL CHICAGO	Call for Pricing***
CNN (w/ TNT**)	\$0.49	TNN	\$0.11
CNN (w/ TBS**)	\$0.47	TNT	\$0.65
CNN (w/ TBS & TNT**)	\$0.48	TWC	\$0.16
CNN/HDL (w/ TBS**)	\$0.45	USA	\$0.39
CNN/HDL (w/ TBS&TNT**)	\$0.43	VHI	\$0.18
COMEDY	\$0.23	WTBS	\$0.11
COURT TV	\$0.14		
DISCOVERY	\$0.25		
E!	\$0.13	<u>PREMIUMS</u>	
ESPN	\$0.87	CINEMAX	\$4.16
ESPN2	\$0.23	DISNEY	\$5.42
FAMILY CHANNEL	\$0.18	DISNEY BULK	\$0.72
FOX SPORTS	Call for Pricing***	ENCORE	\$0.30
FOX SPORTS INTMTN	Call for Pricing***	HBO	\$6.45
FOX SPORTS NW	Call for Pricing***	HBO BULK	\$3.57
FOX SPORTS RKYMTN	Call for Pricing***	SHOWTIME	\$5.94
FOX SPORTS SW	Call for Pricing***	SHOWTIME BULK	\$3.45
fx	\$0.47	TMC	\$5.94
HISTORY	\$0.28	TMC BULK	\$3.45

*Minimum Charge for Netlink Basic Services: 45% of each Property's Total Number of Homes Passed, Hospital/Hotel is 80% of each Property's Total Number of Rooms Passed. Service, selection, pricing and locations subject to change.

**Rates indicated are for CNN or CNN/HDL News ONLY! Please include the rates for the additional Turner services noted in order to determine the total rate. i.e., total cost of CNN/HDL (w/ TBS & TNT) @ \$0.43, plus the cost of TNT @ \$0.65, plus the cost of WTBS @ \$0.11, equals \$1.19.

***Regional pricing and certain other restrictions may apply. Call for specific details and pricing on a per system basis.

SERVICES LISTED IN "BOLD" INDICATE NEW LOWER PRICE!!!

Rates effective 3/1/97

**1997 Rate Comparison Between
NCTC (franchised cable operator buying group) and
Netlink (SMATV/MMDS buying group).
All Programming Sold in Common**

AMC	0.2244	0.2800	0.2600
BET	0.1200	0.1700	0.1600
C-SPAN	0.0600	0.0700	0.0600
Cartoon Network	0.0900	0.1100	0.1000
CNN - Alone	0.3000	0.5000	0.4600
CNN w/ TBS	0.3389	0.4700	0.4200
CNN w/ TNT	0.3557	0.4900	0.4500
CNN w/ TBS & TNT	0.3221	0.4800	0.4400
CNN Headline w/ CNN	0.3725	0.5000	0.4600
Comedy Central	0.1615	0.2300	0.2100
Court TV	0.1122	0.1400	0.1300
Discovery	0.1964	0.2500	0.2300
E! Entertainment	0.1170	0.1300	0.1200
Encore	0.6595	0.3000	0.2700
Family Channel	0.1440	0.1800	0.1700
fx	0.2634	0.4700	0.4500
HBO	5.6900	6.4500	6.3300
History Channel	0.1400	0.2800	0.2700
Home & Garden	0.1000	0.1500	0.1400
Learning Channel	0.0692	0.1000	0.0800
MEU	0.0714	0.0400	0.0300
MTV	0.2019	0.3500	0.3200
Nickelodeon	0.2745	0.4600	0.4500
The Movie Channel	4.5900	5.9400	5.7500
TNT	0.5200	0.6500	0.6400
VH - 1	0.08415	0.1800	0.1500
Weather Channel	0.1320	0.1600	0.1400
TOTALS	15.7108	19.5300	18.6900

**1997 Rate Comparison Between
NCTC (franchised cable operator buying group) and
Netlink (SMATV/MMDS buying group).
All Programming From Vertically Integrated Programmers Sold in Common**

AMC	0.2244	0.2800	0.2600
BET	0.1200	0.1700	0.1600
Cartoon Network	0.0900	0.1100	0.1000
CNN - Alone	0.3000	0.5000	0.4600
CNN w/ TBS	0.3389	0.4700	0.4200
CNN w/ TNT	0.3557	0.4900	0.4500
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Encore	0.6595	0.3000	0.2700
fx	0.2634	0.4700	0.4500
HBO	5.6900	6.4500	6.3300
Learning Channel	0.0692	0.1000	0.0800
TNT	0.5200	0.6500	0.6400
TOTALS	9.9128	11.7200	11.2100

CERTIFICATE OF SERVICE

I hereby certify that the original and eleven (11) copies of the foregoing Reply Comments of World Satellite Network, Inc. was served by Federal Express this 19th day of February, 1998, upon the Secretary to the Federal Communications Commission, 1919 M Street, N.W., Room 222, Washington, D.C. 20554, and one copy upon the following:

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