

CableFAX Daily™

Thursday — March 4, 2010

What the Industry Reads First

Volume 21 / No. 042

Broadband Dollars: Small Provider, NCTA Question Stimulus Funding

All along, cable has been afraid that broadband stimulus money might be used to make competitors stronger in areas already offering broadband. And it's claiming that's the case in western KS. Earlier this year, RUS awarded \$101mln in grants and loans to **Rural Telephone Service Co** and its wholly-owned subsidiary **Nex-Tech**, which **Eagle Communications** says will be used to overbuild its system. Eagle pres *Gary Shorman* outlined his concerns this week in a letter to RUS admin *Jonathan Adelstein* and **Ag Sec Tom Vilsack**, saying that it appears much of this funding will be directed at the Hays, KS, area—significant because **Connect KS** reported that of 11,193 HHs in the Hays areas, 11,002 have access to broadband. The area's served by Eagle, Nex-Tech and other carriers. Citing local press reports, Shorman claims that Hays accounts for almost half of the 23K homes and businesses that are reportedly within the RTS project area. "While the Jan 25 announcement of the award indicates that funding from this award would 'provide service in an area 99.5% unserved/underserved,' it appears that much of this funding will be directed at broadband deployment in one of the best-served communities in western Kansas," Shorman wrote. Nex-Tech COO *Jeff Wick* sees things differently, saying that its application meets guidelines by serving 99.5% of areas that are *geographically* (the key word here) unserved/underserved. "The guidelines are based on geography. It could have been up to 25% served and 75% unserved/underserved," he said. "The reason they wrote that... is to make these projects sustainable. When you get out in some of these rural areas of America, there are not very many customers per square mile. The worst case the govt could have done was to award billions of dollars and not have projects be sustainable." RUS did not comment by our deadline. The difference of opinion highlights an ongoing concern in the RUS and **NTIA** stimulus programs. **NCTA** pres/CEO *Kyle McSarrow* wrote his own letter to Vilsack and Adelstein Wed, citing the Eagle case and asking that the Department redouble efforts to ensure that awards are "consistent with program goals." Eagle is an NCTA member. "It simply cannot be the intent of this program for funding to be used in a way that devotes scarce federal resources to communities which already have access to broadband when there are other communities in the U.S. with no access," McSarrow wrote. "Moreover, at a time of economic hardship, public policy should not threaten the livelihood of a small, local business that has invested millions of its own capital to deploy a host of advanced broadband services."

Kerry Speaks: Sen *John Kerry* (D-MA) is asking the **FCC** to urge **ABC-Disney** and **Cablevision** to stay at the negotiating table and continue transmitting **ABC 7** programming to consumers in the NY area. He said he doesn't believe a broadcaster should be able to pull its signal "if it does not get paid what it wants," and condones such an action only if the FCC has determined that a cable company is negotiating in bad faith. "These are private negotiations, but there's a public interest at stake. Its resolution matters to the consumers who take hard earned money out of their wallets each month to pay their cable bills and shouldn't become collateral damage in wars between executives," Kerry wrote in a letter to FCC chmn *Julius Genachowski* Wed. Kerry intervened in the **Fox-Time Warner Cable** and **Mediacom-**

HOLLYWOOD'S HOTTEST TICKET
LIVE AT THE ACADEMY AWARDS
 WITH CARRIE ANN & CHRIS
 SUNDAY MARCH 7 6e/3p
 TV GUIDE NETWORK

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax: 301.738.8453 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 301.354.1790, mgrebb@accessintel.com ● Assoc Editor: Chad Heiges, 301.354.1828, cheiges@accessintel.com ● Asst VP, Ed Director: Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 301/354-1695, dvodenos@accessintel.com ● Advertising Mgr: Erica Gottlieb, 212.621.4612 ● Marketing Director: Carol Brault, 301.354.1763, cbrault@accessintel.com ● Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Carol Brault, 301.354.1763, cbrault@accessintel.com

Sinclair spats in Dec and has suggested the govt should explore the issue. In his letter, he said the dispute is the most recent evidence that the retrans consent regime has become outdated in the 18 years since it was crafted and that the system needs to be fixed. "I have suggested an answer here and I am open to alternatives," Kerry said. "But this game of chicken being played again and again between cable companies and broadcasters with consumers in the crosshairs must come to an end." In a statement, Cablevision said "we believe Senator Kerry is correct and ABC Disney should not pull the plug and should work with us in good faith to reach an agreement that is fair for Cablevision customers." Meanwhile, ABC 7 gm *Rebecca Campbell's* latest statement slammed the MSO for "spinning" the issue. "The fact is that, over and over again, Cablevision picks fights with programmers, and it is Cablevision subscribers who suffer the loss," she said. Why this deadline now? "We finally realized they were never willing to reach a deal and so we needed to set a deadline," Campbell told us. "For the last 2 years we've been trying to talk to them about this. I'm not sure they understood that we really wanted to do this, and we wanted to be fairly compensated for our product." She also pointed to FCC's suggestion that a broadcaster's signal not be dropped during a ratings period (Feb sweeps ended Wed).

Morgan Stanley Notebook: Get ready, cable. **DirecTV** believes its telco relationships will pay hefty dividends when **AT&T** and **Verizon** begin to ramp LTE/4G services later this year and in '11. "There's a lot more opportunity for us to partner in the future," said CFO *Pat Doyle*, who echoed comments from CEO *Mike White* earlier this month that '10 will be a soft 1 for such partnerships. The DBS received a boost in subs through AT&T for most of '09, but the uptick began to fizzle in 4Q when the telco shed 21K DirecTV customers. Qwest added 23K subs in the Q; Verizon didn't break out the numbers. DirecTV's current reliance on landlines as a way to access telco customers, said Doyle, means that "over time, they'll be a downward trend on that opportunity." But he foresees broad potential in ties surrounding bundles with mobile broadband and voice services. In the near term, DirecTV is taking steps to more effectively use broadband as a value add for its subs, which Doyle said the DBS op has done a poor job of in the past. Due out in the next few weeks is a new set-top that allows for easier connection to customers' in-home broadband routers along with multi-room viewing. "We expect to energize that quite a bit this year," said Doyle of broadband interactivity. 60% of DirecTV subs receive broadband, and 500-600K have their set-tops connected to the Web. In '10, Doyle expects continued improvement in ARPU based on solid PPV and **NFL Sunday Ticket** take rates, plus new processes that have helped mitigate customers' downsizing of premium nets. Also, a switch to a direct model for marketing to MDUs instead of through an agent may provide a boost in sub gains. "I would be surprised if this didn't produce a much better economic model for us," said Doyle.

Not Everywhere: As TV Everywhere initiatives remain a cable buzz topic, **Comedy Central** will remove eps of "The Daily Show with Jon Stewart" and "The Colbert Report" from **Hulu** early next week, and both parties—at least publicly—say relations remain amicable after their initial content deal ended. "We had a great experience with Hulu, and we hope to work with its team again in the future," said the net in a statement, noting that eps of each show will remain available on their dedicated sites. In a Tues night blog post, Hulu svp, content and distribution *Andy Forssell* said "the team at Comedy Central have been great partners for us... we ultimately were unable to secure the rights to extend these shows for a much longer period of time." Reports note that Daily's the 3rd most popular TV show on the site. "The development was yet another reminder that the evolution of web TV will not follow a linear path," wrote **Sanford Bernstein's** *Craig Moffett*. "But all this does underscore a critical point to which we have returned over and over again in our analyses of the web TV business. The train won't leave the station until the major content companies say it will." Meanwhile, a recent **Leichtman Research** study found that 3% of adults watch a full-length TV show online daily, and 11% weekly. Also, 81% of home Web users strongly disagree that they'd be willing to pay \$9.95/month to watch TV shows online from a service like Hulu.

New Awards Show? Fox Networks Group chmn/CEO *Tony Vinciguerra*, **Sony Pictures TV** pres *Steve Mosko* and **The Lippin Group** chmn/CEO *Dick Lippin* were appointed co-chairs of the newly formed The Paley Center for Media Television Awards Planning Committee. In a release, **The Paley Center for Media** pres/CEO *Pat Mitchell* cited service by broadcast, cable and ad execs on its L.A. board of governors in saying the center is "in an excellent position to create a new and exciting awards program." Vinciguerra, who co-chairs the board, cited benefits to showcasing cable's content "in the best ways possible while making our awards programming highly entertaining and appealing television."

At the Portals: **C-SPAN** got a great plug in a blog by **Progress & Freedom Foundation** pres *Adam Thierer*, who is testifying at the **FCC** Thurs on "Serving the Public Interest in the Digital Age." He points to C-SPAN and its



Sales Executive of the Year Awards

saluting cable sales leadership

The CableFAX Sales Executive of the Year Awards recognize sales forces across cable who work tirelessly behind the scenes to drive revenue and keep our dynamic marketplace growing and business moving forward. CableFAX honors the distinguished leaders who set the bar. CableFAX will salute the winners and honorable mentions during an awards luncheon on June 15, 2010 in New York City.

Deadline: March 5, 2010 ■ **More Information: www.cablefaxsalesawards.com**

Enter as many categories as you like but please tailor your entry to the category you are entering.

- Sales Person of the Year (VP and above)
- Sales Person of the Year (Below the VP level)
- Sales Team of the Year
- Most Creative Sales Pitch
- Rookie Sales Person of the Year
- Affiliate Sales Person of the Year (VP and above)
- Affiliate Sales Person of the Year (Below the VP level)
- Launch Team of the Year

- Brand Integration Team of the Year
- CableFAX Sales Hall of Fame

NEW Out of the Box Categories:

- The Relentless
- The Renewer
- The Woo-er
- Best Internal Sales Contest
- Most Creative Program Sold to Client

Compiling Your Entry (Visit www.cablefaxsalesawards.com for full details)

What to Send

At the beginning of your two page synopsis, include the following information for all categories:

- Category entered • Title of entry • Key contact for entry • Organization submitting entry • Budget

Synopsis should include:

- Areas of Responsibility • Specific Successes (include metrics) • Sales or Leadership Hurdles/Challenges Overcome • Description of your Best Client Relationships • Testimonials and References, if you have them • Supporting materials as necessary

How To Enter: Use this form or visit www.cablefaxsalesawards.com for additional category information and to enter online.

Mary Lou French
 CableFAX SEOY Awards
 Access Intelligence
 4 Choke Cherry Rd, 2nd Floor
 Rockville, MD 20850

Deadline: March 5, 2010
Late Deadline: March 12, 2010
Event: June 15, 2010

Entry From (All information required)

Title of Entry/Name of Entrant (as you'd like it to appear on your award if selected): _____

Company and/or Client: _____

Contact Name of person submitting entry Job Title: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone of Contact: _____ Fax of Contact: _____

Email Address (Required): _____

Entry Fees

- Primary entry: \$300 each \$300 each \$ _____
 - Secondary entry of same campaign** into one or more categories: \$175 each \$175 each \$ _____
 - Late entry fee: \$175 per entry \$175 each \$ _____
 (for entries sent between March 5, 2010 and March 12, 2010)
- Total \$ _____

The late entry fee must be applied to each individual entry postmarked after February 5, 2010.
 * Payment in full must accompany the entry.
 ** If entering more than one category, please submit separate entry forms.

Payment Options

- Check (payable to Access Intelligence/CableFAX) Money Order
- Mastercard Visa Discover American Express

Credit Card # _____

Exp. _____

Print name of card holder _____

Signature _____

Entry fees are not refundable.

Access Intelligence Federal Tax ID#: 52-2270063

www.cablefaxsalesawards.com

The awards are presented by the most trusted information source in cable: CableFAX Daily and sister brand CableFAX: The Magazine.

Questions? Contact Awards Coordinator Rebecca Stortstrom at 301-354-1610; rebecca@accessintel.com.

Sponsorship Opportunities: Debbie Vodenos at 301-354-1695; dvodenos@accessintel.com.

BUSINESS & FINANCE

8,438 hours of programming last year (as well as other platforms, like the Internet) as evidence of why aggressive regulation of media markets to serve “the public interest” is unneeded. Check it out at: <http://techliberation.com/2010/03/02/c-span-civic-minded-programming-public-interest-regulation/>

Upfronts: Disney is making use of its **Marvel** acquisition, launching “The Avengers: Earth’s Mightiest Heroes,” on **Disney XD** this fall. The 52 eps star Iron Man, Thor, Capt America, The Incredible Hulk, Giant Man and Wasp. **Disney Channel’s** new fare includes “Pair of Kings,” a live-action comedy series following fraternal twins who discover they’re the successors to the throne of a tropical island. Disney is also hyping its latest musical-movie “Camp Rock 2: The Final Jam,” which debuts this summer. Also new is a sitcom aimed at the whole family—“Good Luck Charlie” (Apr 4, 8:30pm), in which big sis created daily video diaries for baby Charlie to use when she is no longer living at home. New pre-k series include “Jake and the Never Land Pirates,” with Capt Hook and Smee.

Business/Finance: Time Warner commenced a tender offer (expires Mar 10) to purchase for cash any and all of its outstanding 6.75% notes due ’11, and also launched an underwritten public offering of a benchmark size of senior notes due in ’20 and debentures due in ’40.

CableFAX Daily Stockwatch

Company	03/03 Close	1-Day Ch	Company	03/03 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	33.79	0.43	AMPHENOL:	43.55	1.11
DIRECTV:	34.26	(0.35)	AOL:	24.52	(0.08)
DISH:	21.71	0.42	APPLE:	209.33	0.48
DISNEY:	31.64	(0.24)	ARRIS GROUP:	11.11	0.22
GE:	16.03	0.13	AVID TECH:	13.99	0.00
NEWS CORP:	16.13	(0.07)	BIGBAND:	2.98	0.00
MSOS					
CABLEVISION:	24.15	(0.17)	BLNDER TONGUE:	1.03	0.01
COMCAST:	16.96	0.16	BROADCOM:	30.98	(0.26)
COMCAST SPCL:	16.06	0.16	CISCO:	24.84	0.23
GCI:	5.90	0.04	CLEARWIRE:	6.67	(0.01)
KNOLGY:	12.48	(0.29)	COMMSCOPE:	26.81	0.20
LIBERTY CAPITAL:	32.82	0.57	CONCURRENT:	4.63	0.08
LIBERTY GLOBAL:	27.68	0.00	CONVERGYS:	12.60	0.08
LIBERTY INT:	12.91	0.01	CSG SYSTEMS:	20.38	(0.1)
MEDIACOM:	4.85	0.02	ECHOSTAR:	19.80	0.16
RCN:	12.15	0.02	GOOGLE:	545.32	4.26
SHAW COMM:	19.88	0.37	HARMONIC:	6.74	(0.13)
TIME WARNER CABLE:	47.35	0.40	INTEL:	20.52	(0.18)
VIRGIN MEDIA:	16.55	(0.04)	JDSU:	11.28	0.17
WASH POST:	436.52	3.50	LEVEL 3:	1.60	(0.01)
PROGRAMMING					
CBS:	13.88	0.38	MICROSOFT:	28.46	0.00
CROWN:	1.67	(0.06)	MOTOROLA:	6.87	0.06
DISCOVERY:	30.61	(0.14)	OPENTV:	1.54	0.00
GRUPO TELEVISA:	19.38	0.14	PHILIPS:	30.87	0.56
HSN:	24.73	2.03	RENTRAK:	18.45	(0.51)
INTERACTIVE CORP:	22.94	(0.11)	SEACHANGE:	7.43	0.20
LIBERTY:	37.05	(0.14)	SONY:	35.50	0.65
LIBERTY STARZ:	51.76	(0.08)	SPRINT NEXTEL:	3.29	(0.04)
LIONSGATE:	5.52	0.02	THOMAS & BETTS:	37.66	0.21
LODGENET:	6.21	0.02	TIVO:	10.21	0.18
NEW FRONTIER:	1.88	0.01	TOLLGRADE:	6.62	0.12
OUTDOOR:	5.96	(0.09)	UNIVERSAL ELEC:	22.81	(0.64)
PLAYBOY:	3.32	0.06	VONAGE:	1.48	0.02
RHI:	0.30	0.01	YAHOO:	15.57	(0.16)
SCRIPPS INT:	39.37	(0.33)	TELCOS		
TIME WARNER:	29.61	(0.06)	AT&T:	24.89	0.01
VALUEVISION:	4.73	0.10	QWEST:	4.49	0.03
VIACOM:	31.50	(0.15)	VERIZON:	29.13	(0.13)
WWE:	17.68	(0.07)	MARKET INDICES		
TECHNOLOGY					
3COM:	7.71	0.01	DOW:	10396.76	(9.22)
ADC:	6.96	0.27	NASDAQ:	2280.68	(0.11)
ADVANTAGE:	2.21	0.00			
ALCATEL LUCENT:	3.25	0.10			
AMDOCS:	29.24	(0.21)			

NEED TO KNOW WHAT CONTENT IS DRIVING VIEWERS TO AND FROM YOUR PROGRAMMING?

WANT THE ANSWER? JUST ASK NIELSEN.™

Nielsen aligns minute-by-minute shifts in viewership to actual program content, so you can implement better programming strategies based on what or who is driving ratings. Understand the impact people, subjects and storylines have on your programming so you can improve its quality and ultimately its market value.

For more info, visit www.nielsen.com/media

Just ask
nielsen

Think about that for a minute...

Game Changer

Whether you like the name or not, Comcast's "Xfinity" is a game changer, and I think it plays very well.

If you watched the Olympic broadcast coverage at all during the past two weeks in a market served by Comcast (and that's some pretty big markets) you couldn't miss the ads introducing the new Comcast brand name for its Video/Voice/Internet services; Xfinity.

Many of us had heard the name over the past month and stumbled over it, just like we did with FiOS when



Steve Effros

Verizon introduced that brand name a few years ago. But now that Xfinity is sitting out there on its own, with a passel of very well done ads starting with the notion that homes are "re-booting" to a new, combined, efficient set of services, it works.

Comcast should be congratulated for doing something the cable industry has been trying to do for a painfully long time, and finally doing it well. We have experienced at least three efforts at "national" campaigns over the past twenty years to portray cable in a new light. It started when we wanted to move from "CATV" to "cable," then from "cable" to "more than just television" and finally from "cable" to "broadband." None worked.

Of course our technology was moving ahead, we were doing a lot of investing in new infrastructure, and that new infrastructure gave us lots of new capabilities that we started rolling out. As an industry we were moving to the forefront of telecommunications, but we were never able to get over the perceptual barrier that we were simply the local company that delivered television signals and just incidentally did some other stuff.

Thus, for instance, we quietly became the primary, and most relied-upon Internet Service Provider in the country.

We became the first serious facilities-based competitor to the telephone companies. And yet, the "cable guy" image was still one of a company bringing "57 channels and nothing to watch." For some reason, even on the video side, we couldn't break through with the message that we were, in fact, delivering hundreds of channels, with thousands of VOD options as well in the larger markets.

Sure, in many cases we did a good job in individual communities, and our local presence is still a major advantage for us, but getting folks to understand the whole picture has eluded us, until now. To give credit where credit is due, the telephone guys, entering the video delivery business, have sort of pointed the way. They understood that even though what they were doing was conceding that the cable infrastructure was the wave of the future, they couldn't simply call themselves "cable." So they created new brands: FiOS and U-verse. US West, after buying Continental had started the trend with the saying "We are Broadband, We are the Way." But that one didn't stick. FiOS did. We all know that it's "cable," just as U-verse is, but the consuming public saw it as something new that could be explained to them in different ways. So, too, Xfinity.

It's interesting to note that just as Comcast has rolled out this entire new identity campaign to get folks to understand that this package of telecommunications services is at the leading edge, Time Warner Cable officials are acknowledging that their "anchor product" is now considered their Broadband and multiple telecommunications delivery, not simply "cable television."

There's no question that's where we have been going for a long time. It's nice to see that we appear to have finally figured out how to deliver the message.

Steve

T:703-631-2099
steve@effros.com

Value-Added Benefits

for CableFAX Daily Subscribers Only

As part of your CableFAX Daily subscription, did you know that you can view the latest industry Datapoints from our partners including Nielsen, Rentrak, comScore and MediaBiz?

Plus as a subscriber, you also have access to an archive of CableFAX Daily stories and articles most relevant to your business needs. Browse articles by topic, keyword search, or download recent issues.

>>> Log onto www.cablefaxdaily.com

CableFAX Daily™