

CableFAX Daily™

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What the Industry Reads First

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Universal Appeal? FCC's Plan to Reform USF Well Received

The FCC approved Tues a Notice of Proposed Rulemaking to modernize and streamline its USF and intercarrier compensation policies, and unlike with the Commission's Open Internet Order and approval of Comcast-NBCU, there was a consensus of opinion among chmn *Julius Genachowski* and all 4 commissioners and widespread regard for the action. The notice also ponders the Commission's statutory authority to support broadband with universal service funds, and commish *Robert McDowell* believes it does have the authority through section 254 of the **Communications Act**. Now comes a potentially lengthy road to reform that will include a series of public workshops, but McDowell said, "in sum, all stakeholders, especially American consumers, should be on notice that the five of us are determined to go forward with honest reform as soon as possible." Specific notice proposals include: to transition funding for duplicative phone service by multiple phone companies operating in the same area to provide support where it's most needed; use market-based policies to support providers in a technology-neutral manner while targeting areas where broadband funding will have the biggest impact; gradually reduce per-minute intercarrier compensation charges and require increased disclosures about the operating performance and financial condition of companies that receive universal service support. The overarching plan, Genachowski said on Mon, is to have the USF directly support fixed and mobile broadband, plus make it less wasteful and more efficient, accountable and fiscally responsible. "Restructuring the Universal Service Fund so it promotes broadband deployment in truly unserved communities is critical to accomplishing the national priority of connecting all Americans," said **NCTA** pres/CEO *Kyle McStarow*, calling the current USF a "bloated high-cost fund that sometimes provides government subsidies in communities that already enjoy robust competition." **ACA** pres/CEO *Matt Polka* also applauded the FCC's move, but cautioned "that USF reform should be a deliberate process, one that provides local telecommunications entities now drawing from the fund with sufficient time to adjust to the newly reformed program." **Sen Commerce Cmte** chmn *Jay Rockefeller* (D-WV) said "if this [reform] is done well, we can help provide broadband and wire-less service to every corner of this nation," and *Rep Harry Waxman* (D-CA) cheered the notice because "the USF program cannot carry out its critical mission because it is outdated and broken... [it] must be modernized to sup-

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BETA Cable Operator Channel Carriage Study, Dec. 2010. Tied for 1st in percent "very/fairly interested in carrying channel" among non-affiliates of network.

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port broadband networks, reformed to use public dollars wisely, and strengthened to ensure full transparency and accountability.” The **Telecom Industry Assoc’s** on board, too. “TIA is incredibly pleased that the FCC has taken this crucial step to ensure all Americans have access to broadband and the societal benefits broadband-enabled services provide,” said pres *Grant Seiffert*. “The item approved by the FCC today will streamline both USF and intercarrier compensation, bringing them both into the 21st century, and facilitate the technologies that will improve innovation and competitiveness in the United States.” On a related note, the FCC approved a NPRM seeking comment on whether and how to reform collection of data regarding broadband and local phone service. Currently, broadband service providers must report the number of subs they have in each census tract they serve, and local and mobile phone providers must report subs at the state level.

On the Hill: The **House Commerce, Communications and Technology Subcmte** holds a hearing Thurs to commence oversight of the broadband funds administered under the **American Recovery and Reinvestment Act** and increase accountability of the funding, plus discuss draft legislation that would return unused or re-claimed funds to the US Treasury. The witness list includes **Eagle Comm** pres/CEO *Gary Shorman*, who will testify about the \$101mln awarded to **Rural Telephone Service** under the ARRA’s **Broadband Initiatives Program** that appears will be used for construction of a broadband network in a community already served by Eagle and **AT&T**. **NCTA** shares Shorman’s concerns that the monies run counter to the BIP’s mission to spur broadband deployment in unserved areas.

Current Hire: After hosting an **MSNBC** show for 8 years, *Keith Olbermann* joined **Current Media** as Chief News Officer and will exec prod and host a nightly prime news/commentary show for **Current TV** beginning later this year. Olbermann also picked up an equity stake in the company co-founded by *Al Gore*, perhaps portending Current Media’s 2nd attempt at an IPO. In Apr ’09, the company withdrew its registration to sell up to \$100mln in Class A common stock, citing market conditions, and requested that the SEC credit its account for fees already paid for possible future use. Current TV is currently carried in 75mln global homes.

Competition: **DISH** tapped **RRsat Global** to deliver a new **Israeli Select** package featuring 3 channels, a broadcast net, children’s net and lifestyle net.

Earnings: After the bell, **Disney** shares vaulted upward after the company exceeded analyst estimates on across-the-board quarterly strength, including 11% rev growth at its media nets. Cable nets achieved a 16% increase in rev to \$3.07bln and 42% jump in op income to \$771mln on strength at **ESPN** and **Disney Channels**, which both delivered higher ad and affil rev. Broadcast rev rose 4% to \$1.58bln, op income 64% to \$295mln owing partly to ad growth at the O&O stations and increased net affil fees. **ABC’s** ad rev dipped slightly due to lower ratings and the Rose Bowl’s shift to ESPN. -- **Belo** reported a 20% increase in 4Q total rev on 22% growth in total spot rev, due primarily to political ads. National spot rev rose 7.1%, local spot rev 1.2%, and other rev including retrans fees increased 13%.

Movie Moguls: The **Apple iTunes** store accounted for more than two-thirds of ’10 consumer spending on electronic sell through and iVOD movies, according to **iSuppli**, which said EST/iVOD movie rev surged more than 60% last year. Citing **iPad** and **Apple TV** strength, the firm believes Apple’s “strong performance in iVOD will allow it to continue to bypass the video on demand services offered by many major cable operators.” **Microsoft** ranked #2 with 17.9% market share, and along with both #3 **Sony** (7.2%) and the “others” category (10.4%) ate into Apple’s ’09 lead.

Advertising/Marketing: **truTV’s** upfront presentation is set for Apr 12 in NYC and will feature a live performance by **Maroon 5**. The net counts 4 original series that averaged more than 1.5mln viewers last year and 8 that averaged more than 1mln. -- **HGTV** inked a multi-yr marketing partnership with **Disney Destinations** that features, beginning Mar 2, the 75-day The Epcot Intl Flower & Garden Festival presented by HGTV, which will include appearances by star designers on the HGTV Stage. The net will support the festival with an online and linear promo campaign.

Ratings: History moved all the way up to 3rd in prime last week, helped by the 2nd-, 3rd- and 4th ranked shows, a pair of “Pawn Stars” eps that averaged a 5.4/5.33mln and “American Pickers” (4.6/4.00mln). **USA** (2.4/2.36mln) led among nets, followed by **Disney Channel** (1.8/1.80mln), History, **Fox News** (1.5/1.48mln) and **TNT** (1.4/1.40mln). **MTV’s** “Jer-

BUSINESS & FINANCE

sey Shore" topped all telecasts with a 5.6/5.53mln. -- **Animal Planet's** "Puppy Bowl VII" scored a franchise high of 9.2mln unique total viewers across the 12-hour marathon. The 2-hr premiere earned 1.7mln total viewers and with a 1.2 HH rating exceeded the 1.0 mark for the 1st time ever. -- The **Super Bowl** on **Fox** averaged 10mln Hispanic viewers to become the most-watched show in US TV history among the demo. The former record holder is ABC's coverage of last summer's World Cup final (8.95mln).

Programming: **FX** picked up a 3rd season of "The League" (fall). -- **Heather Locklear** stars in **Lifetime** original movie "He Loves Me" (Mar 7), a psychological thriller featuring marital infidelity and murder.

On the Circuit: The **Cable Center's Cable Mavericks Lecture Series** intro'd a new program to give students a chance to hear from speakers including **Time Warner Cable** evp/pres, media sales **Joan Gillman** in 1 place and to interview for jobs and internships in cable. Info at Cablemavericks.org.

People: **Sean McManus** was promoted to chmn, **CBS Sports**, stepping down from his role as pres, **CBS News**. **Jeff Fager** takes over as chmn, **CBS News**, and **David Rhodes** as pres, news div. -- **Turner Ent Nets** upped **Jeff Gregor** to evp/CMO, **TNT**, **TBS** and **TCM**. -- **Discovery Channel** tapped **Nancy Daniels** as evp, prod and dev.

CableFAX Daily Stockwatch

Company	01/08 Close	1-Day Ch	Company	01/08 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	43.11	0.47	AVID TECH:	21.95	1.12
DISH:	21.64	(0.47)	BIGBAND:	2.72	0.02
DISNEY:	41.18	0.24	BLNDER TONGUE:	2.37	(0.03)
GE:	21.28	0.41	BROADCOM:	44.51	(0.9)
NEWS CORP:	18.30	0.22	CISCO:	21.99	(0.04)
MSOS					
CABLEVISION:	36.16	0.09	CLEARWIRE:	5.56	(0.09)
CHARTER:	43.88	1.89	CONCURRENT:	5.40	0.19
COMCAST:	23.66	0.12	CONVERGYS:	13.98	0.13
COMCAST SPCL:	22.25	0.06	CSG SYSTEMS:	20.75	0.19
GCI:	12.45	(0.04)	ECHOSTAR:	29.54	0.33
KNOLLOGY:	14.85	(0.15)	GOOGLE:	618.38	4.08
LIBERTY CAPITAL:	70.88	0.38	HARMONIC:	9.45	(0.11)
LIBERTY GLOBAL:	41.07	(0.17)	INTEL:	21.64	(0.06)
LIBERTY INT:	16.45	0.06	JDSU:	22.84	0.20
MEDIACOM:	8.84	0.03	LEVEL 3:	1.24	0.02
SHAW COMM:	21.97	0.02	MICROSOFT:	28.28	0.09
TIME WARNER CABLE:	69.59	0.09	RENTRAK:	28.88	(0.49)
VIRGIN MEDIA:	25.40	(0.29)	SEACHANGE:	9.39	0.13
WASH POST:	430.14	(1)	SONY:	35.24	0.27
PROGRAMMING					
CBS:	21.08	0.25	SPRINT NEXTEL:	4.31	(0.09)
CROWN:	2.39	(0.08)	THOMAS & BETTS:	54.01	0.23
DISCOVERY:	42.55	0.28	TIVO:	10.83	0.13
GRUPO TELEVISIA:	24.11	(0.57)	TOLLGRADE:	9.56	0.05
HSN:	29.50	0.99	UNIVERSAL ELEC:	26.51	(0.18)
INTERACTIVE CORP:	31.22	0.44	VONAGE:	3.82	0.06
LIBERTY:	43.03	(0.24)	YAHOO:	16.59	(0.2)
LIBERTY STARZ:	69.05	0.18	TELCOS		
LIONSGATE:	6.27	0.04	AT&T:	27.91	(0.05)
LODGENET:	3.60	0.10	QWEST:	7.34	0.07
NEW FRONTIER:	2.10	(0.04)	VERIZON:	36.34	0.32
OUTDOOR:	8.03	(0.25)	MARKET INDICES		
PLAYBOY:	6.13	UNCH	DOW:	12233.15	71.52
SCRIPPS INT:	49.47	0.49	NASDAQ:	2797.05	13.06
TIME WARNER:	36.40	0.29	S&P 500:	1324.57	5.52
VALUEVISION:	7.60	1.02			
VIACOM:	50.67	0.07			
WWE:	12.49	0.25			
TECHNOLOGY					
ADVANTAGE:	2.76	(0.26)			
ALCATEL LUCENT:	3.57	0.11			
AMDOCS:	29.41	(0.04)			
AMPHENOL:	57.02	(0.56)			
AOL:	20.89	(0.3)			
APPLE:	355.20	3.32			
ARRIS GROUP:	13.18	0.14			

CableFAX Social Media Boot Camp

February 23, 2011 8:45am-4:00pm NYC

How Cable Can Leverage Twitter & Facebook to Advance PR & Marketing

CableFAX's one-day social media boot camp will focus on how to create the best strategy for a cable operator or programmer's social media presence, how to be sure it is integrated with the overall communication presence and what audiences want and need from the brand, and—ultimately—how to create a social media infrastructure that can expand to new places online as its audiences migrate.

Questions: Elizabeth Brown at ebrown@accessintel.com or 301-354-1610.

Register Today! www.cablefax.com/feb23

