

# CableFAX Daily™

Thursday — February 25, 2010

What the Industry Reads First

Volume 21 / No. 037

## Spectrum Wars: Questions Over How Voluntary FCC's Proposed Auction Will Be

The FCC hopes to persuade broadcasters and others to give up valuable spectrum by offering them a piece of auction proceeds. The FCC's National Broadband Plan proposes a "Mobile Future Auction" that would let spectrum licensees voluntarily relinquish spectrum in exchange for a share of proceeds and allow spectrum sharing and other spectrum efficiency measures, FCC chmn *Julius Genachowski* revealed Wed in his latest sneak peek at the broadband proposal. The auction "would allow broadcasters to elect to participate in a mechanism that could save costs for broadcasters while also being a major part of the solution to one of our country's most significant challenges," Genachowski said during his speech at the **New America Foundation**. A panel after his speech applauded the efforts to reclaim more spectrum, but raised a lot of questions. "The notion that we would buy back spectrum from licensees that got that spectrum for free doesn't sit very well with me..." **Free Press'** *Ben Scott* said. "I think it's going to take an act of Congress to allow that to happen because otherwise it's in violation of the Communications Act." *Chris Guttman-McCabe* of **CTIA** (which is anxious to get that spectrum for mobile broadband) echoed Scott's concerns and wondered what will happen if licensees don't volunteer. "Something has to change," he said, saying broadcasters aren't using all the spectrum they have. "Maybe it's not buying out, but paying for investment in broadcasters' stranded equipment. Maybe it's giving them some form of carriage rights." Guttman-McCabe also warned about focusing solely on broadcasters as even if the FCC was able to re-allocate all of broadcasters' spectrum (an impossible feat), it still wouldn't be able to free up the 500Mhz that Genachowski said is needed. Another potential spectrum source could be satellite providers, he told the crowd. **MSTV** pres *David Donovan* said he was struck by the "apparent focus" on reducing spectrum used by local TV stations, saying they have exclusive use of only 5.1% of "so-called beachfront spectrum." MSTV pledged to closely examine the "voluntary" plan (MSTV's quotes, not ours). "In these tough economic times, consumers should not be forced to sacrifice access to their favorite free, local TV programs, news, emergency information, and local mobile video services in order to divert spectrum to the wireless telephone companies that will turn around and provide pay-based services," Donovan said. **NAB** said it's ready to make the case that its members are "far and away" the most efficient users of spectrum in today's communications marketplace. "We look forward to working with policymakers to help expand the roll-out of broadband without threaten-

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### ID, America's leading investigation network, goes for gold...

Over the last two weeks, ID has achieved its best performance ever, with a 0.6 Prime HH rating\* and its highest Total Day delivery ever for P25-54 beating fully distributed networks Hallmark, VH1, Oxygen, Travel, NGC, HLN, CNN and We.\*\*

### ID also wins best in show...

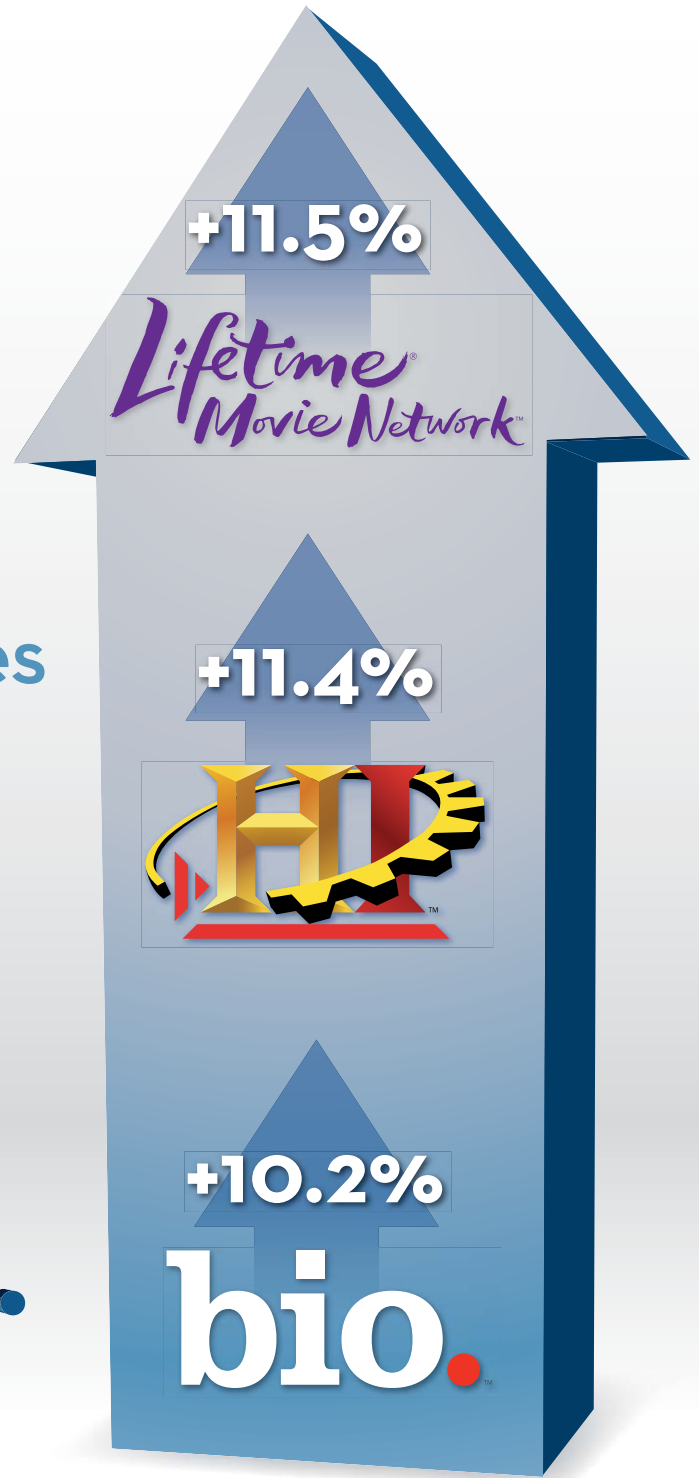
ID's new original series, *Disappeared* and *I (Almost) Got Away With It*, regularly beat fully distributed networks Hallmark, NGC, HLN, LMN, E!, Travel, AMC, MSNBC and WE in W25-54 delivery during the month of January.\*\*\*

\*Source: The Nielsen Company, NHI Calendar, Live + SD data, Prime (M-Sun 8P-11P), HH coverage rating, week of 2/8/10-2/14/10, 01/27/08-02/21/10.

\*\*Source: The Nielsen Company, NHI Calendar, Live + SD data, Total Day (M-Sun 9A-3A), 02/15/10-02/21/10, 01/27/08-02/21/10, fully distributed networks are considered over 70 million subscribers.

\*\*\*Source: The Nielsen Company, NHI Calendar, Live + SD data, Time-Period Averages, 1/11/10-1/26/10, Mon 10P-11P & Tues 10P-11P premieres only, minimum 3 out of 6 premieres, fully distributed networks considered over 70 million subscribers.

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Growth in Distribution  
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\*Nielsen Media Research, Universe Estimates, Feb 2010 vs. Feb 2009

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ing the future of free and local television, mindful of the fact that local TV stations just returned more than a quarter of our spectrum following our transition to digital,” said NAB’s evp, media relations *Dennis Wharton*. Next up on Genachowski’s Broadband Rainbow Tour will be a look at how the plan relates to public safety and homeland security issues.

**Advertising:** In a year that saw overall media ad spending decline, ’09 cable spending was up 14.8% vs ’08, according to preliminary figures released by **Nielsen** Wed. The only category to post a larger gain was Spanish-language cable TV, which was up 32.2% for the period. Overall, Nielsen estimates that media ad spending fell 9% (\$11.6bln), continuing a trend of at least 6 straight quarters of negative growth. One encouraging sign: 4Q spending was down just 2% YOY. Network TV was off 9.9% for ’09, while spot TV in the top 100 DMAs was down 16.1% and 14.2% in the 101-210 DMAs.

**Competition:** **DirectTV** says it will be the 1st video distributor to offer **Common Sense Media**’s age-based content reviews on its programming guide when it launches the service this spring. The info already was available on directv.com.

**Double Vision:** Innovative **Cablevision** is at again, announcing technical trials by Jun of **PC to TV Media Relay**, a service that would allow digital subs to transfer Web content from a computer to TV screen in real-time and without any additional device. With the press of a button, customers could transfer the content—including streaming video, stored content such as photos and music, and email—to a dedicated channel accessible only to the customer using it. The tech behind the service may be extended to handheld devices and in-home wireless nets, and a Mac version is also in development.

**At the Portals:** **AT&T** wants the **FCC** to resolve its complaint against **Cox** withholding Cox-4 San Diego programming (which includes Padres games) in light of its Jan 20 ruling tightening the terrestrial loophole. AT&T’s complaint has been pending for 11 months. The rules voted on last month allow cable competitors to file complaints when they are denied terrestrially delivered sports programming, but the rules are not yet in effect. AT&T says that doesn’t matter since its complaint focuses on Sect. 628 of the Communications Act. The Media Bureau previously denied the complaint, saying terrestrially delivered programming is exempt from program access rules. The telco said it tried earlier this month to initiate negotiations with Cox for the RSN, but the MSO refused to respond. -- For the record, **FCC** commissioners will vote on a “Broadband Mission Statement” at its Mar 16 meeting. Its plan on spurring broadband adoption and access is due to Congress Mar 17.

**Deals:** *Barry Diller* and *Ben Silverman* have proposed a jv with **Discovery Comm** for **FitTV**, reports the *L.A. Times*’ *Meg James*, citing 1 industry source. Talks are said to be “extremely preliminary.” Silverman, who left **NBCU** last summer, is launching **Electus** (part of the Diller’s **IAC** fold).

**Beta:** Cable ops ranked **Disney/ESPN Media Nets** as the most helpful basic network org in selling HSD, Internet, HDTV and/or VOD, according to **Beta** research. Well back in a tie for 2nd were **Comcast Cable Nets** and **Discovery Nets**, with **Fox Cable Nets** and **NFL Net** completing the top 5. As for avg perceived value of basic nets to cable ops, ESPN was far and away the leader with an avg perceived value by affiliates of \$0.93. **ESPN2** (\$0.53), **Disney Channel** (\$0.42) and **Fox News** (\$0.40) followed.

**Earnings:** **Clearwire** added 168K net wireless broadband subs in 4Q, including 46K through **Comcast**, **Time Warner Cable** and **Sprint**, and ended ’09 with 438K 4G customers and 4G coverage of more than 34mln people. CEO *Bill Morrow* said prospective new wholesale partners are now initiating discussions about possible relationships. As for Comcast and Time Warner Cable, both are committed to ramping the availability of Clearwire-based mobile broad-

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# BUSINESS & FINANCE

band services this year, with TWC COO *Landel Hobbs* recently saying that “we believe that wireless broadband could become a meaningful part of our business down the road.” The MSO has added more than 1K total **Road Runner Mobile** subs in Dallas and parts of NC. Comcast’s **High-Speed 2go** product, available in more than 9mln homes across 7 markets, is bundled with the MSO’s HSD product. -- Owing to phone and HSD growth and a basic rate hike, **Cable One** delivered 4% growth in both '09 (\$750.4mln) and 4Q (\$190.6mln) rev, and respective op income increases of 4% and 2%. As of Dec 31, the MSO counted 669K basic subs (-4% YOY), 219K digital (-3%), 393K HSD (+5%) and 110K phone (+17%). **The Washington Post Co’s** broadcast div reported a 16% decline in '09 rev to \$272.7mln on weaker ad demand in most markets and product categories, and op income of \$70.5mln (-43%).

**People:** **CBS** extended pres/CEO *Les Moonves’* contract through Feb '15 (it was set to expire in '11). His salary will remain at its current level, and he’ll continue to be eligible for an annual performance based bonus and receive significant equity-based compensation tied to the performance of CBS stock. -- **Comcast Int’l Media Group** upped *Duccio Donati* to evp. -- **Outdoor Channel** promoted *Randy Brown* to evp, affil sales and marketing.

## CableFAX Daily Stockwatch

Company	02/24 Close	1-Day Ch	Company	02/24 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	33.31	0.16	AMPHENOL:	41.63	0.40
DIRECTV:	33.59	0.17	AOL:	24.92	0.04
DISH:	19.96	0.07	APPLE:	200.66	3.60
DISNEY:	31.39	0.47	ARRIS GROUP:	10.28	0.06
GE:	16.12	0.17	AVID TECH:	13.73	0.12
NEWS CORP:	15.92	0.31	BIGBAND:	2.82	0.01
<b>MSOS</b>					
CABLEVISION:	22.83	0.29	BLNDER TONGUE:	1.09	0.00
COMCAST:	16.42	0.28	BROADCOM:	31.65	0.92
COMCAST SPCL:	15.51	0.25	CISCO:	24.34	0.29
GCI:	5.90	0.18	CLEARWIRE:	6.62	(0.36)
KNOLGY:	11.55	0.24	COMMSCOPE:	25.14	1.04
LIBERTY CAPITAL:	31.76	0.79	CONCURRENT:	4.72	(0.04)
LIBERTY GLOBAL:	26.49	0.39	CONVERGYS:	12.51	0.17
LIBERTY INT:	11.46	0.29	CSG SYSTEMS:	19.56	(1.26)
MEDIACOM:	4.51	0.02	ECHOSTAR:	19.75	0.10
RCN:	10.98	0.05	GOOGLE:	531.47	(3.6)
SHAW COMM:	18.86	0.00	HARMONIC:	6.56	0.09
TIME WARNER CABLE:	46.24	0.05	INTEL:	20.70	0.31
VIRGIN MEDIA:	15.47	0.43	JDSU:	10.30	0.45
WASH POST:	420.30	7.79	LEVEL 3:	1.53	(0.01)
<b>PROGRAMMING</b>					
CBS:	13.20	0.18	MICROSOFT:	28.63	0.30
CROWN:	1.53	0.03	MOTOROLA:	6.79	0.01
DISCOVERY:	32.00	(0.07)	OPENTV:	1.54	0.01
GRUPO TELEVISA:	19.29	(0.06)	PHILIPS:	29.46	0.10
HSN:	20.46	0.47	RENTRAK:	18.99	(0.08)
INTERACTIVE CORP:	22.10	0.05	SEACHANGE:	7.20	0.04
LIBERTY:	36.62	0.56	SONY:	34.60	(0.01)
LIBERTY STARZ:	48.37	1.32	SPRINT NEXTEL:	3.28	(0.06)
LIONSGATE:	5.34	0.04	THOMAS & BETTS:	36.47	0.33
LODGENET:	6.49	(0.24)	TIVO:	9.67	0.03
NEW FRONTIER:	1.85	(0.02)	TOLLGRADE:	6.25	0.01
OUTDOOR:	5.31	0.04	UNIVERSAL ELEC:	22.13	0.08
PLAYBOY:	3.34	(0.04)	VONAGE:	1.72	0.01
RHI:	0.31	0.01	YAHOO:	15.59	0.21
SCRIPPS INT:	39.64	(0.44)	<b>TELCOS</b>		
TIME WARNER:	28.68	0.42	AT&T:	24.91	0.08
VALUEVISION:	4.01	(0.12)	QWEST:	4.51	0.06
VIACOM:	31.30	0.18	VERIZON:	28.96	0.22
WWE:	16.43	0.16	<b>MARKET INDICES</b>		
<b>TECHNOLOGY</b>					
3COM:	7.62	(0.03)	DOW:	10374.16	91.75
ADC:	6.54	(0.06)	NASDAQ:	2235.90	22.46
ADVANTAGE:	2.23	(0.05)			
ALCATEL LUCENT:	3.03	0.05			
AMDOCS:	28.98	0.25			

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# CORPORATE LICENSES

CableFAX Daily™

# WHAT THE INDUSTRY READS FIRST.



## Think about that for a minute...

### Watch Your Words

Every business, every profession has its own “insider” language. In law, a “term of art” is a word that has acquired a set of meanings based on laws, regulations, court decisions and the like that have wrapped a complex definition around what would otherwise be a simple word. The same sort of thing happens in technical circles. What seems like a straightforward word actually may signal, to those in the field, something totally different.

The problem with such words is that sometimes they are used by folks who are not fully familiar with the “baggage” that the word carries with it for the industry or profession where it is used. That seems to be happening more and more here in Washington as we get into complex discussions about where the telecommunications industry is going.



**Steve Effros**

A few examples should suffice. In hearings recently, several members of Congress took representatives of Comcast to task for statements the company reps had or had not made in private versus those made in public, and actions the company was taking in legal battles versus the position they were committing to when grilled about the implications of the proposed merger with NBCU.

But the more one looks at those “flash points” that the press loved to highlight, the more it appears that there were basic misunderstandings about the terms being used and the purpose of various legal challenges rather than any misrepresentation.

The two words that seemed to cause the most confusion to members of Congress were “carriage” and “access.” In our world, the “carriage” and “access” issues are laden with meaning, precedent and controversy. But they are decidedly different issues. One has to do with whether a cable operator will agree to “carry” a channel, the other has to

do with whether a competitor will be able to get “access” to programming owned and distributed by a cable operator.

Now just to make this more complicated, you hear talk of “open access” that is, yet again, another concept having to do with infrastructure availability and notions akin to “common carriage,” which, in turn, is a term that has nothing to do with carrying specific programming!

Did you get all that? Many members of Congress haven't. They throw “hardball” questions laced with terms like “carriage” and “access” but then get mixed up, confused and ultimately start accusing folks of giving them “different” answers. They are not really aware that they are asking about different things! It's unfortunately getting to be a common occurrence, and it argues for a lot more careful briefing for the Members, and more considered caution in their accusations and press releases.

Another recent example is the use by some groups and the FCC of the technical term “gateway.” We're going to hear a lot about that word in the next few weeks as the Commission releases its “Broadband Plan.” Apparently, they want to explore requiring a “gateway” standard for all MVPD delivery into the home. Hopefully they will be wise enough to propose this in a broad inquiry as opposed to a “rule” since it's become pretty clear that different folks are using the term “gateway” to mean very different things!

To some, it was meant to signify a standardized output from modularly designed equipment. For others, it apparently implies a new physical device that would be additive with all the other devices already used in delivery. Those are very different things! Words make a difference. Everyone needs to know what they're talking about before making accusations or reaching conclusions.

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