

# CableFAX Daily™

Thursday — March 6, 2008

What the Industry Reads First

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## Federal Flurry: NFL Again Comes Out Swinging

The House Telecom subcommittee's hearing on sports programming played out Wednesday like the entertaining and antagonistic press conferences endemic to boxing, albeit with 1 important difference: primary pugilist **Comcast** was conspicuously absent. Even so, opposing camps stuck to their respective corners on the issue of government intervention in carriage disputes and, of course, numerous punches were thrown. "Comcast and **Time Warner Cable** use their bottleneck power to unlawfully discriminate against independent programmers," said **NFL** commish *Roger Goodell*, continuing **NFL Net's** primary argument from earlier state-level hearings. The pro football boss also reiterated the league's wish for a dispute resolution process, not for government intervention. "We're looking for the **FCC** to enforce the [program access] procedures and rules established in '92," said Goodell, adding that the league is "strongly considering" an official complaint filing with the FCC. Time Warner Cable CEO *Glenn Britt* countered. "I believe the NFL...is being disingenuous," said Britt of NFL Net's desire for basic cable carriage while the league still limits **NFL Sunday Ticket** access. When Goodell continued to employ his cable discrimination jab Britt became peevis. "What is he talking about?" said Britt, noting that cable completely owns but a few nets. "It's just the wrong picture altogether." Of course, the NFL's argument is most applicable to Comcast (**Versus, Golf Channel**), which said it wasn't formally invited to the hearing. Comcast is "clearly using NFL programming to drive its sports tier," said Goodell, refusing to downshift in the MSO's absence. He said Comcast tallied 750K sports tier subs when they added NFL Net to the content basket, and that in November that total had jumped to approximately 1.8 million. Comcast refused to confirm or deny this data. Meanwhile, most committee members expressed initial reluctance to intervene in programming disputes. But Rep *Cliff Stearns* (R-FL) did cite a **GAO** report that found cable-affiliated nets to have a 31% greater chance of pay-TV carriage than independents. Not surprisingly, card-carrying Corduroy Crew member/**Consumer Federation of America** research director *Mark Cooper* called the sports video marketplace a "rat's nest" of anti-competitiveness. In the corner espousing a hands-off government stood **ESPN's** *George Bodenheimer*, **Progress and Freedom Foundation's** *Ken Ferree* and **DirectTV's** *Derek Chang*.

**WICT Leadership:** In only its 2nd year, **WICT's** Leadership Conference continues to grow, attracting a record 650+ attendees. Highlights included **USA** founder *Kay Koplovitz* revealing what she most wishes she could do over. In her words, it was that USA sold for \$4.5 billion but she didn't own it because she didn't have the capital. "That's why I have spent the last 8 years working with numerous entrepreneurs to help raise venture capital," she said. Koplovitz plugged **The Paley Center's** upcoming "AllThingsMedia" venture capital forum (Oct 30) as a 1st-ever venture forum held exclusively for women-led media entrepreneurial ventures. Applications are due May 5. -- The buzz word at Wednesday's opening day in NYC was branding, with a session devoted to creating your own personal brand. Sometimes, noted **SeaChange** chief strategy officer *Yvette Gordon-Kanouff*, a brand is thrust upon

## DISCOVERY'S FAMILY OF HD NETWORKS

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you and “you make the most of it.” As a female engineer, she’s embraced the “smart girl” branding, she said. The panel’s advice: take time and figure out what you want to be known for and how it fits with your job. “You’re in the wrong job if you’re in a company that doesn’t mesh with your brand pretty organically,” said **Rainbow** corp comm svp *Ellen Kroner*. Professional billiards champ *Jeanette Lee* talked up how she built her brand—she’s known as The Black Widow—and treated the crowd to a few trick shots. “I never thought I’d be a ball breaker,” she joked.

Spring Break Week: The consensus among cable’s chattering classes was that **Cable Positive’s** annual fundraiser Tues in NY was among its best, despite ending at nearly 10pm. Some 75% of the crowd stuck it out, and were rewarded with an amusing rap/speech by *Wyclef Jean* and a terrific intro of *Joel Berger* winner *Bill Roedy* by his boss, **MTV** chief *Judy McGrath*. “Roedy’s not a businessman who dabbles” in philanthropy, “he’s a humanitarian through and through,” she said. The dinner raised \$1.2 million, the 11th straight year cable’s raised \$1mln or more for HIV/AIDS. Fitting for CP, it was an educational evening, with honoree/**CARE** chief *Dr Helene Gayle* noting 2mln died of HIV/AIDS last year, and 40K people in the U.S. were infected by it in ’07. CP chief *Steve Villano’s* speech was among the highlights. He likened the stigma his recently departed 92-year-old mother struggled with as a polio patient to the discrimination against those with HIV/AIDS. Villano’s speech moved honoree/**Insight** CEO *Michael Willner* to go off script: “Steve, your mother raised a really fine son,” he said. Amen. -- Where’s **Comcast**? That’s a question several Cable Spring Break Week attendees in NY asked as they realized the largest MSO was missing from events. Turns out Comcast is holding a management conference in Phoenix this week. The meeting, held once every 4 years, was scheduled nearly 2 years ago, according to a rep. The timing meant that Wonder Woman honoree/Comcast svp testing/ops *Charlotte Field* missed the awards lunch in her honor (she provided a taped acceptance). *Sandy Wax*, pres of Comcast jv **PBS Kids Sprout**, was at the event. Comcast held a special celebration in Phoenix for both women. -- Did anyone attending *Maya Angelou’s* opening keynote at the **WICT Leadership** conference Wed not get goose bumps? What a storyteller. **Rainbow’s** *Josh Sapan* aptly introduced her, saying he thinks she had a big hand in enabling a black man and a woman to run for president. Angelou, for the record, is in *Hillary Clinton’s* camp. She recited *Edna St. Vincent Millay’s* “Conscientious Objector” to the WICT crowd, saying it reminded her of the senator.

**DTV Doings:** Reps *John Dingell* and *Ed Markey* have asked **NTIA** and the **FCC** to provide quarterly reports on funding needs for the DTV converter box coupon program, specifically on whether the current funding will be sufficient to cover requests from all HHs. “More than 2mln HHs requested more than 4mln coupons during the first month of the TV converter box coupon program,” the 2 wrote in a letter. “While it remains to be seen how many coupons will ultimately be redeemed, at that rate, the supply of coupons could be exhausted after just 9 months.” The 2 want updates on Mar 31, June 30, Sept 30 and Dec 31 on whether the agencies anticipate that additional funds will be needed.

**Dishheads:** **DirecTV** and **DISH** got some support from **Media Access Project** for their proposal to gradually ramp up to carrying all HD signals in a market, as opposed to carrying all HD signals as of Feb ‘09. “They have offered a measured approach that provides a clear roadmap to full HD must carry compliance in all HD markets within a reasonable timeframe,” MAP’s *Andrew Jay Schwartzman* said, adding that it ensures DBS providers will offer a viable competitive choice to cable. Meanwhile, **DISH** said it’s committed to working toward a solution for PBS HD carriage and suggested a sitdown with public broadcasters. Rep *Diana DeGette* (D-CO) has agreed to host the powwow.



Host  
Dave  
Holmes

## The Game That Has the Stars Talking!

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# BUSINESS & FINANCE

PBS has already reached HD deals with NCTA, ACA and DirecTV.

**Deals:** IFC has agreed to give **Blockbuster** the exclusive US rental rights to its film titles, including at outlets, by mail and through **Movielink.com**. The pair will share rev from IFC titles, and Blockbuster receives a 60-day rental window per film covering all platforms.

-- **Showtime** inked with **Marc Ecko Ent** an agreement to design a video-game based on net series "Dexter."

**Carriage:** **Crown Media** renewed its distribution agreement with **DirecTV** for **Hallmark Channel**, a multi-year deal also granting the DBS op both the SD and HD rights to **Hallmark Movie Channel**. The deal gives Hallmark renewals with its 3 largest distributors, with **Time Warner** and **Comcast** re-signing in recent months. Next contract to work on is **Cablevision**. -- **Bend-Broadband** and **En-Touch Systems** in Houston have launched **Outdoor Channel** in high-def.

**VOD:** **Cablevision** added series from **HGTV** and **Food Net** to its free on demand lineup, including "30 Minute Meals with Rachael Ray" and "House Hunters." -- **Reentrak** netted 10 new content provider groups for its VOD platform measurement system, including **AMC**, **Gospel Music Channel**, **New Frontier**, **Sundance Channel** and **The Weather Channel**.

**People:** **Rainbow Media** appointed **James Gallagher** evp/genl counsel.

## CableFAX Daily Stockwatch

Company	03/05 Close	1-Day Ch	Company	03/05 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	44.80	1.08	AMPHENOL:	37.16	0.54
DIRECTV:	25.79	(0.34)	APPLE:	124.49	(0.13)
DISNEY:	31.64	(0.23)	ARRIS GROUP:	5.89	0.09
ECHOSTAR:	29.22	(0.73)	AVID TECH:	24.50	1.31
GE:	33.67	0.15	BIGBAND:	5.78	(0.08)
HEARST-ARGYLE:	21.64	0.07	BLNDER TONGUE:	1.55	(0.02)
ION MEDIA:	1.45	0.00	BROADCOM:	19.36	0.28
NEWS CORP:	19.32	0.11	CISCO:	24.27	(0.02)
<b>MSOS</b>					
CABLEVISION:	24.25	(0.48)	COMMSCOPE:	41.32	0.50
CHARTER:	0.99	0.00	CONCURRENT:	0.75	(0.05)
COMCAST:	19.88	(0.1)	CONVERGYS:	14.32	(0.19)
COMCAST SPCL:	19.58	(0.15)	CSG SYSTEMS:	10.81	0.01
GCI:	5.80	0.19	ECHOSTAR HOLDING:	38.66	0.01
KNOLGY:	12.35	0.21	GEMSTAR TVG:	4.79	0.04
LIBERTY CAPITAL:	17.48	0.02	GOOGLE:	447.70	3.10
LIBERTY GLOBAL:	37.01	0.61	HARMONIC:	8.25	(0.03)
LIBERTY INTERACTIVE:	15.18	0.14	JDSU:	13.02	0.19
MEDIACOM:	4.13	0.07	LEVEL 3:	2.27	0.04
ROGERS COMM:	42.97	0.00	MICROSOFT:	28.12	0.53
SHAW COMM:	18.51	0.06	MOTOROLA:	10.02	0.09
TIME WARNER CABLE:	27.77	0.15	NDS:	50.02	(0.45)
VIRGIN MEDIA:	15.14	0.43	NORTEL:	7.67	(0.09)
WASH POST:	727.08	0.08	OPENTV:	1.29	0.03
<b>PROGRAMMING</b>					
CBS:	22.64	(0.03)	PHILIPS:	39.77	0.01
CROWN:	5.07	(0.16)	RENTRAK:	11.15	0.15
DISCOVERY:	22.16	(0.01)	SEACHANGE:	5.88	(0.2)
EW SCRIPPS:	43.00	0.58	SONY:	46.78	0.09
GRUPO TELEVISA:	22.21	0.06	SPRINT NEXTEL:	7.00	0.12
INTERACTIVE CORP:	19.81	0.12	THOMAS & BETTS:	39.91	0.13
LIBERTY:	1.00	0.00	TIVO:	8.14	0.11
LODGENET:	9.00	0.11	TOLLGRADE:	5.45	0.11
NEW FRONTIER:	5.01	0.25	UNIVERSAL ELEC:	22.58	(0.44)
OUTDOOR:	7.30	0.05	VONAGE:	1.95	(0.01)
PLAYBOY:	7.92	(0.04)	VYYO:	1.37	(0.03)
TIME WARNER:	15.30	0.01	WEBB SYS:	0.05	0.00
UNIVISION:	36.23	0.00	YAHOO:	28.67	0.61
VALUEVISION:	4.97	0.12	<b>TELCOS</b>		
VIACOM:	40.44	0.32	AT&T:	35.45	0.58
WWE:	17.77	(0.09)	QWEST:	5.32	0.07
<b>TECHNOLOGY</b>					
3COM:	3.24	(0.09)	VERIZON:	35.95	0.26
ADC:	13.72	0.22	<b>MARKET INDICES</b>		
ADVANTAGE:	4.28	0.11	DOW:	12254.99	41.19
ALCATEL LUCENT:	5.69	0.04	NASDAQ:	2272.81	12.53
AMDOCS:	28.99	(0.85)			

## Strategies & Tactics for Building Your Cable Business During an Economic Downturn

Tuesday, March 18, 2008  
1:30-3:00 p.m. (ET)

**Speakers:**

- Colleen Abdoulah, CEO, President – Wide Open West
- Dave Keefe, CEO – Atlantic Broadband
- Tony Maldonado, VP – Acquisition Marketing & Sciences, Cox

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## Think about that for a minute...

### BACK TO BASICS

No, I'm not talking about the industry re-focusing on video. I think a discussion needs to be launched about something even more basic than that; the fact that the infrastructure we have built is privately financed and privately owned. It seems more and more folks are losing sight of that as they tell us what programs we should be running on our video channels, on what tiers, for what prices and how we should manage our network with regard to data and voice services.



**Steve Effros**

Hey, these are our networks, built exclusively with private capital, and we pay rent to use the rights of way on which they are in part built. There seems to be a growing sentiment that what the cable industry has created is somehow owned, or at least rightfully controlled by the government. It's time to remind everyone that that's not true.

Sure, we have to comply with laws, rules and regulations relating to intellectual property, consumer protection and the like, but where is it written that the government has the right to tell a private network how it must be managed? The issue of so-called "network neutrality" comes to mind. I would concede that we, like every other business, have to comply with the antitrust laws, but I don't think anyone is really arguing that we are violating those laws. Instead, demands are being made on the way we operate our networks, the manner in which we offer service, and the proposition seems to be that we are a utility.

Again, back to basics; cable is not a public utility. There are several significant competitors in the marketplace of offering similar services, and the government is just about to help launch another one with the completion of the 700 Mhz auctions. We are not an "essential facility" or

common carrier either.

So what's this all about? Well, the current brouhaha is about network management as it relates to so-called peer-to-peer applications for computers. Applications like BitTorrent are designed to eat up as much of our (please note; OUR) bandwidth as it can so that computers can talk to each other and distribute large amounts of data, mostly at this time video files. Actually, to be accurate, mostly unauthorized distribution of such files. The estimates are that between 80 to 90% of the P2P activity eating into the efficiency of our networks is of programming that is being purloined.

What can we do about it? Some operators have slowed down the P2P applications, only when there is congestion so all customers continue to get good service. That's what's being decried now as "discrimination." But let's get something straight: this is our network and we have every right to discriminate if we choose to do so! Yes, I would agree, we have to make it very clear to customers that we are doing it, just as some broadcasters, for instance, announce that they will only show "family" programming. That, too, is discrimination. We could also bar folks who we notify are using too much bandwidth, or institute "metered use," or identify and filter unauthorized content. But we haven't done that, yet. Note also, we choose to offer ISP service, we could just as easily choose not to.

The industry, so far, has simply used network management tools that don't stop anyone from using any application, but slow them so everyone gets an equal chance at the bandwidth. If we are stopped from doing that, the other remedies will have to be instituted. Beware of what you ask for!

*Steve*

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