

CableFAX Daily™

Monday — March 10, 2008

What the Industry Reads First

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Pole Dance: FCC Considering Raising Rates for Cable Broadband Attachments

Cable's long break from the drudgery of squabbling over pole attachments appears to be over. NCTA came out swinging Fri over a proposal at the FCC that it says could result in a "several hundred million dollar tax on broadband." Judging by NCTA's aggressive stance, expect it to dominate headlines in coming weeks. The Commission has suggested adopting a uniform broadband attachment rate that's higher than the current rate for cable attachments. The FCC argues that cable gets subsidized pole attachment rates, which the industry disputes, citing a Supreme Court decision that affirms its treatment of pole attachments used for cable broadband service. Comments were due on the issue Fri. NCTA said equality is better achieved by lowering others' rates rather than by raising cable's. It also noted that some companies (like incumbent LECs) have more favorable arrangements with pole owners than other companies. Utility companies claim that they bear a disproportionate amount of the cost of poles because the attachment rates assessed don't provide a fair allocation of costs among all users. "The electric consumers are bearing this expense even though they may not be a customer of the attachers," Joplin, MO's **Empire District Electric** told the Commission Fri. NCTA submitted an economic analysis by **Microeconomic Consulting & Research Assoc** that found adoption of the FCC's tentative conclusion could raise the price of broadband services by up to \$670mIn each year, which could equate to a per-customer increase of up to \$390 annually in rural areas (rural areas have more poles than urban systems). "After decades of regulatory policy in which the Commission both recognized the connection between regulated pole attachment rates and investment by cable operators and vigorously protected the right to attach at reasonable rates, the [FCC] proposes a stunning change in direction," NCTA said. The FCC hasn't specified what such a single rate would be, only saying it would be "greater than the current cable rate, yet no greater than the telecommunications rate."

Net Neutrality: FCC chmn *Kevin Martin* said Fri he hopes to resolve the network management complaints filed against **Comcast** and others by the end of 2Q. Speaking at a Stanford Law School conference, Martin expounded on why last month's FCC hearing in Boston focused more on Comcast than **Verizon**, which also had a blocking complaint lobbed against it. "There wasn't much focus on them because they came forward and said they shouldn't have done it," Martin said of the telco. The debate centered on Comcast because it continues to maintain that it was conducting reasonable network management of peer-to-peer traffic, whereas Verizon said it had made a mistake, he said. Martin said the Comcast complaint would set an "important precedent." In '05, the FCC established some net neutrality policies, but Martin said at the time that "policy statements do not establish rules nor are they enforceable documents." Stay tuned.

Retrans Row: With a midnight deadline looming Fri, **Cox** and **Gray's WIBW**, a **CBS** affil in Topeka, KS, still hadn't worked out a retrans renewal deal. "We will negotiate until the 11th hour," a Cox rep said. WIBW has encouraged viewers to switch to satellite, but Cox hasn't publicized any plans (such as rabbit ears, etc) for subs to continue to receive the



is for happy hour



February marks the 21st consecutive month we're happily at home as a Top 10 network in primetime.



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CBS signal if it's pulled Sat morning. "We don't want to scare customers into a frenzy because we are still negotiating," a spokeswoman said. "We do have a plan and will be available by phone and in the office Saturday if they have questions."

In the Courts: Opening arguments are slated for Mon in a class action lawsuit against the TV industry for not offering a la carte. The suit, filed in Sept in a CA federal court, claims forcing consumers to buy programming packages is a violation of federal antitrust laws. Cable ops, DBS providers and programmers will ask that the case be dismissed. One of the key attorneys representing multichannel providers in the case is *Arthur Burke* of **Davis Polk & Wardwell**. Burke recently represented **Comcast** in 2 federal antitrust suits from **The America Channel** and **Southern Entertainment TV**, which were seeking to compel carriage. The district courts dismissed the claims in both cases.

On the Hill: The Sen Judiciary Committee voted 10-8 Fri for the "Sunshine in the Courtroom Act," which would permit cameras in federal courtrooms. It now awaits action on the Sen floor. **C-SPAN's Brian Lamb** testified before the committee on the bill earlier this year. While the net has not taken a position on the specific legislation, it has long advocated increasing public access to federal appeals courts via TV. "The network is pleased by the attention this legislation brings to the pursuit of greater public access to the Supreme Court and federal appellate courts," C-SPAN said.

Kudos: **Comcast** West Div PR vp *Tracy Baumgartner* is WICT Rocky Mtn's Woman of the Year. We knew her when...

Worth a Look: **WE's** excited about the Mon debut of new series "High School Confidential," (Mon, 10 pm). After catching a recent screening in NY, we are too. First-time filmmaker *Sharon Liese* filmed 12 of her daughter's friends through 4-years of high school in Kansas. The stories—including teen pregnancy and an eating disorder—are told primarily through interviews with the girls and their families. Actor *Stephen Baldwin*, who was in the audience, praised the show for being educational without being exploitative. But the bigger testament came from the dozens of teen girls in the screening audience, who repeatedly thanked the show's stars. Grab your daughter and set aside some time to watch this together.

In the States: **Comcast** plans to add 200 employees in Livermore, CA, because of expansion in the San Francisco area.

DTV: **Sanford Bernstein** estimates that 14mln US HHs risk losing TV reception in at least 1 room come Feb, and deems it a positive for multichannel ops—especially **Comcast** and **Time Warner Cable**. The firm predicts approx 400K and 212K incremental net adds for Comcast and Time Warner respectively in '08 and '09 from the transition. Other estimates: **DirecTV**, 207K; **DISH**, 190K; **Cablevision** 50K; other ops, 341K.

Online: **Disney** plans to add classic TV shows to its online video lineup at **ABC.com**, CEO *Robert Iger* told investors Thurs, although the distribution model for such content has yet to be determined.

Growing Old Together: **Retirement Living TV** of suburban DC needed studio space. 50+ mega group **AARP** had a plush, state-of-the-art TV studio in DC. So on Mon, Retirement Living TV's consumer series "Inside E Street" (3pm ET) debuts, syndicated by the new **AARP TV** and originating from AARP's studios on E St. On Tues, lifestyle series "My Generation" (3pm ET) debuts on RLTV. Oh, and wish 29-mln HH RLTV a happy 2nd birthday Tues.

People: **Cox** named *Mark Bowser* svp/CFO. -- **Cartoon Net** appointed former **Sci Fi** exec *Robert Swartz* vp, original series. -- **TV One** promoted *Endi Piper* to vp, business and legal affairs. -- **Oxygen Media** appointed *Jane Olson* svp, marketing and brand strategy.



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CableFAX Week in Review

Company	Ticker	3/07 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	44.29	(1.1%)	(9.5%)
DIRECTV:	DTV	24.75	(1.2%)	7.10%
DISNEY:	DIS	30.76	(5.1%)	(4.7%)
ECHOSTAR:	DISH	28.34	(4.4%)	(16.5%)
GE:	GE	32.23	(2.7%)	(10.5%)
HEARST-ARGYLE:	HTV	21.09	(4.1%)	(4%)
ION MEDIA:	ION	1.45		12.40%
NEWS CORP:	NWS	18.69	(2.2%)	(12%)
MSOS				
CABLEVISION:	CVC	23.62	(11.8%)	(3.6%)
CHARTER:	CHTR	0.96	(9.4%)	(17.9%)
COMCAST:	CMCSA	19.67	0.70%	7.70%
COMCAST SPCL:	CMCSK	19.41	0.30%	7.10%
GCI:	GNCMA	5.09	(12.1%)	(41.8%)
KNOLOGY:	KNOL	11.92	(2.5%)	(6.7%)
LIBERTY CAPITAL:	LCAPA	16.44	(29.2%)	(25.2%)
LIBERTY GLOBAL:	LBTYA	36.70	(2.4%)	(6.4%)
LIBERTY INTERACTIVE:	LINTA	15.01	4.50%	(21.3%)
MEDIACOM:	MCCC	3.99	(8.7%)	(13.1%)
ROGERS COMM:	RG	42.97		
SHAW COMM:	SJR	18.58	(4%)	(19.3%)
TIME WARNER CABLE:	TWC	26.67	(2.3%)	(3.4%)
VIRGIN MEDIA:	VMED	13.93	(7.1%)	(15.4%)
WASH POST:	WPO	692.79	(4.3%)	(11.4%)

Company	Ticker	3/07 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	21.99	(3.6%)	(19.3%)
CROWN:	CRWN	5.29	(4.5%)	(18.6%)
DISCOVERY:	DISCA	20.80	(7.8%)	(17.3%)
EW SCRIPPS:	SSP	41.52	(0.6%)	(7.8%)
GRUPO TELEvisa:	TV	21.22	(3.5%)	(10.7%)
INTERACTIVE CORP:	IACI	19.53	(1.8%)	(27.4%)
LIBERTY:	L	1.00		(90.6%)
LODGENET:	LNET	8.65	(20.3%)	(50.4%)
NEW FRONTIER:	NOOF	4.80	(5%)	(5.6%)
OUTDOOR:	OUTD	7.30	(0.7%)	5.80%
PLAYBOY:	PLA	7.89	(2.1%)	(13.5%)
TIME WARNER:	TWX	14.86	(4.8%)	(10%)
UNIVISION:	UVN	36.23		
VALUEVISION:	VVTV	4.58	(12.9%)	(27.2%)
VIACOM:	VIA	39.43	(0.9%)	(10.3%)
WWE:	WWE	17.60	(0.6%)	22.50%

Company	Ticker	3/07 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	3.19	(3%)	(29.4%)
ADC:	ADCT	13.80	0.80%	(11.3%)
ADVANTAGE:	AEY	4.20	(1.2%)	(31.9%)
ALCATEL LUCENT:	ALU	5.51	(6.1%)	(24.7%)
AMDOCS:	DOX	28.54	(7.9%)	(17.2%)
AMPHENOL:	APH	35.93	(2.8%)	(22.4%)
APPLE:	AAPL	122.25	(2.2%)	(38.3%)
ARRIS GROUP:	ARRS	5.58	(3%)	(44.1%)
AVID TECH:	AVID	24.75	1.60%	(12.7%)
BIGBAND:	BBND	5.55	(10.9%)	8.00%
BROADCOM:	BRCM	17.49	(7.5%)	(33.1%)
CISCO:	CSCO	24.11	(1.1%)	(10.9%)

Company	Ticker	3/07 Close	1-Week % Chg	YTD %Chg
COMMSCOPE:	CTV	39.81	(4.9%)	(19.1%)
CONCURRENT:	CCUR	0.73	(8.8%)	(12%)
CONVERGYS:	CVG	13.91	(3.7%)	(15.5%)
CSG SYSTEMS:	CSGS	10.97	(3.3%)	(25.5%)
ECHOSTAR HOLDING:	SATS	38.70	(3.4%)	17.60%
GEMSTAR TVG:	GMST	4.66	(1.7%)	(2.1%)
GOOGLE:	GOOG	433.35	(8%)	(37.3%)
HARMONIC:	HLIT	8.05	(10%)	(23.2%)
JDSU:	JDSU	12.41	(5.5%)	(6.6%)
LEVEL 3:	LVLTL	2.18	(2.2%)	(28.3%)
MICROSOFT:	MSFT	27.87	2.50%	(21.7%)
MOTOROLA:	MOT	9.82	(1.5%)	(37.8%)
NDS:	NNDS	47.47	(6.3%)	(19.9%)
NORTEL:	NT	6.75	(21.5%)	(55.3%)
OPENTV:	OPTV	1.16	(13.4%)	(12.1%)
PHILIPS:	PHG	38.70	(0.6%)	(9.5%)
RENTRAK:	RENT	10.91	(9.1%)	(24.4%)
SEACHANGE:	SEAC	5.71	(3.2%)	(21%)
SONY:	SNE	44.32	(6.1%)	(18.4%)
SPRINT NEXTEL:	S	7.01	(1.4%)	(46.6%)
THOMAS & BETTS:	TNB	38.15	(5%)	(22.2%)
TIVO:	TIVO	7.93	(8.6%)	(4.9%)
TOLLGRADE:	TLGD	5.55	0.50%	(30.8%)
UNIVERSAL ELEC:	UEIC	21.83	(3.8%)	(34.7%)
VONAGE:	VG	1.91	3.20%	(17%)
VYYO:	VYYO	0.73	(49.7%)	(76.8%)
WEBB SYS:	WEBB	0.04	(20%)	
YAHOO:	YHOO	29.03	4.50%	24.80%

Company	Ticker	3/07 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	35.01	0.50%	(11.9%)
QWEST:	Q	5.14	(4.8%)	(24.4%)
VERIZON:	VZ	35.08	(3.4%)	(15.8%)

Index	Value	% Chg	YTD %Chg
MARKET INDICES			
DOW:	11893.69	(3%)	(10.3%)
NASDAQ:	2212.49	(2.6%)	(16.6%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS		
COMPANY	CLOSE	1-WK CH
1. LIBERTY INTERACTIVE:	15.01	4.50%
2. YAHOO:	29.03	4.50%
3. VONAGE:	1.91	3.20%
4. MICROSOFT:	27.87	2.50%
5. AVID TECH:	24.75	1.60%

THIS WEEK'S STOCK PRICE LOSERS		
COMPANY	CLOSE	1-WK CH
1. VYYO:	0.73	(49.7%)
2. LIBERTY CAPITAL:	16.44	(29.2%)
3. NORTEL:	6.75	(21.5%)
4. LODGENET:	8.65	(20.3%)
5. WEBB SYS:	0.04	(20%)



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MaxFAX...

That Zero-Sum Game...

...that we mentioned not long ago. It's getting closer and closer. That sub-prime mess. Those foreclosures. The falling dollar. The credit crisis. The election.



Paul S. Maxwell

Whatever.

It's going to get tougher.

Here are the first real, concrete indicators (from our friend *Craig Moffet* at **Bernstein Research**):

- "The data continues to suggest that cyclical housing trends—and not secular competition trends—are at work in recent declines in cable subscribership and in the deceleration of satellite TV additions."
- "Total net subscriber growth in the Pay TV industry as a whole—even after accounting for the Telcos—was down 40% versus 4Q2006, to an annualized rate of just 1.4% (down 100 bps from Q12006.)"

But, as Craig notes, there is a sort of silver lining: churn is down; truck rolls are down; subscriber acquisition costs plateau and more.

Should make for some interesting excuses at all of the next quarter analyst calls.

Random Notes:

• **Walk of Fame:** We love the annual event put on by the **WICT** Rocky Mountain chapter because it always picks such cool honorees. This year's dinner will be May 13 (info at sarah.eder@comcast.net) at the Hyatt Regency Tech Center in Denver. The list this year includes Best Mentor **Charter's Marwan Fawaz**; Partner of the Industry the **Cable Center's Jana Hawthorne**; a pair of Women in Tech from **Time Warner**, *Sherise Hawkins* and *Grace Egan*; a trio of Women to Watch including **WOW's Cristin Brown**, **CSG's Karen Eckmann** and **Starz' Jacyn Meyer**; and the Woman of the Year... **Comcast's Tracy Baumgartner**... who does a lot better job than her peers at corporate in Philadelphia have been doing lately!

• **Nominations Have Closed:** And I've got an email in-basket full of them, but I'm a bit hesitant to actually list the "winners" of the competitions for best street fighter, best martini drinker, best drunk driver or any of the other categories. But I bet you all know the winners. Did get one nomination for best squash player, though.

• **Comcastic?** It is supposed to sound like, I think, "fantastic." Lately, though, on the national stage it has rhymed with "bombastic."

• **ACA in April:** Didn't see this on future spring/fall cable week lists of events, but I sure wouldn't miss this year's Apr 7 15th Anniversary dinner celebrating the founding of the **ACA** in 1993... just a year after the '92 Cable Act that changed the regulatory landscape. Should be a terrific dinner (I'm the emcee and I get to reminisce about *Heedless Hundt!*). For info, www.americancable.org.

• **Transparency!** What a wonderful concept! Something this column has often advocated for network operators! And—now wow!—the Federal Confusion Commission's charismatic Chairman (*Kevin Martin*[et]) has again agreed! He has said that, in order to be considered "reasonable," that network management practices should be "conducted in an open and transparent way." So... let's all emulate the "open and transparent" Commission and follow the Chairman's examples!

• **Belated Kudos:** To our friends *Michael Willner* and *Bill Roedy* and *Steve Villano* and **Cable Positive**. But, like Comcast, not quite good enough friends to fly to New York (especially when the snow is deep).

Paul Maxwell

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