5 Pages Today

CableFAX Daily...

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What the Industry Reads First

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Under Fire: Adelstein Defends Broadband Stimulus Grants, Process

We're trying to reach everybody. That's Jonathan Adelstein's mantra. While the former FCC commish got to skip this weekend's Cablevision-Disney showdown, he's had plenty of grenades lobbed at him as RUS administrator over how broadband stimulus money is being doled out. NCTA recently wrote to him to express concern over how a chunk of the \$101mln in grants and loans awarded to Rural Telephone Service will be directed at Hays, KS, an area already well served by **Eagle Comm**, RTS subsidiary **Nex-Tech** and others (**Cfax**, 3/4). "Only 2.5% of the Recovery Act award is being used in Hays—a little 8 sq mile town in the middle of this 4600 sq mile [project] area," Adelstein told us. "The bulk of this project is to serve very rural parts of KS that don't have service today... We're trying to provide service to those outlying areas that people are applying for. The company that wrote that letter (Eagle) could have applied for the same service area in order to fund the outlying communities." NCTA isn't the only one grumbling about the broadband stimulus funding rules. Republicans grilled Adelstein last week during a Hill hearing, with Rep Cliff Stearns (R-FL) complaining about a similar grant (this time by NTIA) in GA where extensive broadband service already exists. ACA, which was pretty pleased with Adelstein's focus at the FCC, complained last month that new RUS stimulus rules for Round 2 funding made it tougher on smaller cable ops. It pointed to RUS increasing from 5 to 8 the number of points out of 100 automatically awarded to applicants that have borrowed fund under Title II of the Rural Electric Act (almost all of which are traditional phone companies). That's not a reason not to apply, Adelstein said, adding that cable companies were funded in Round 1 and will be in Round 2 if they are good applications. "I think cable companies should feel comfortable going forward in applying notwithstanding the 8 points," he said. "Congress did mandate we give priority to existing borrowers, but we also are encouraged to give consumers a choice of providers. We really would like to see full participation by small cable companies, and large cable companies if they want to get involved. But particularly the smaller ones that are serving rural areas."

<u>Retrans Redux:</u> NAB sent its on letter to the Hill Wed dismissing **Time Warner Cable** and other distributors' petition for changes to retrans rules. "It is important to note... that the **FCC** has thoroughly reviewed the retransmission consent process and concluded that the current system is working as Congress intended," NAB chair *Paul Karpowicz* of **Mer-**



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edith Broadcasting wrote. "For one party to suggest regulatory or legislative changes would begin to tip the scales in its favor." The petition filed at the FCC was signed by 14 companies and organizations (TWC, ACA, Bright House, Cablevision, Charter, DirecTV, DISH, Insight, Mediacom, New America Foundation, Organization for the Promotion and Advancement of Small Telecom Companies, Public Knowledge, Suddenlink and Verizon). In addition to proposing dispute resolution mechanisms such as compulsory arbitration, the petition suggests the Commission should adopt rules to prevent broadcasters from insisting on tying a broadcast station with other content.

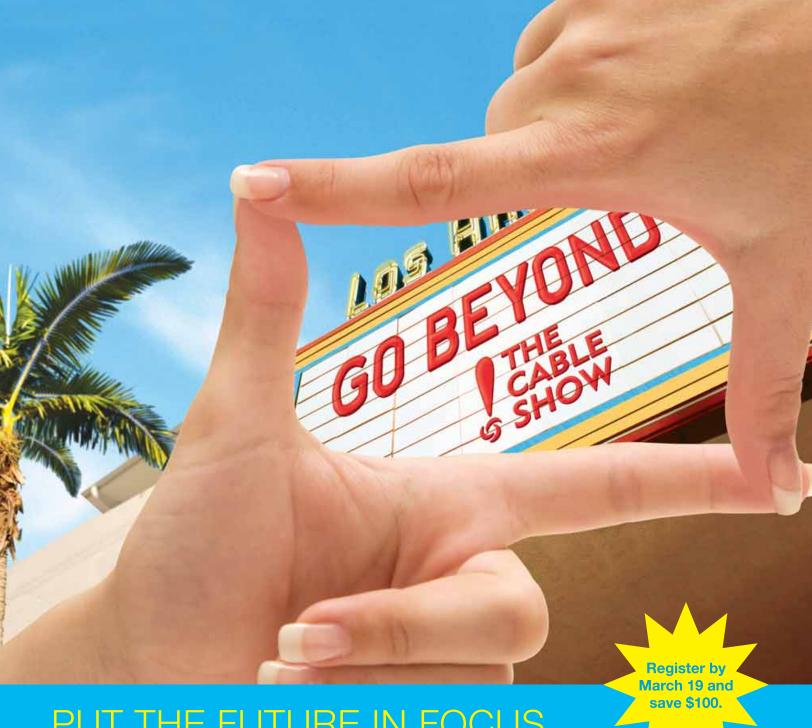
<u>On the Hill:</u> **STELA**, which reauthorizes satellite's distant signal license for 5 years, passed the Senate Wed. Next step, House passage. The bill addresses phantom signals for cable ops, where they pay for subs who aren't getting the programming, and would let **DISH** transmit distant signals again in exchange for offering local signals in 210 DMAs.

<u>At the Portals</u>: YouTube will host an interview with FCC chmn *Julius Genachowski* Tues, the same day the plan will be unveiled at the Commission's open meeting. Video and text questions can be submitted via youtube.com/citizentube.

Price Hikes: With the FCC focused on affordable broadband for all, news of Comcast's latest price hikes aren't hitting at the best time. "The same day we announced these important recommendations designed to usher more Americans into the digital age, however, I learned that another major broadband provider is raising its rates for its lowest tiers of broadband service," FCC commish Mignon Clyburn said. Comcast fan Free Press (note sarcasm) alerted the media to Comcast's increases Tues with a press release. Clyburn called for the price issue to be examined closely going forward, saying 36% of non-adopters cite cost as their main barrier to adoption. Others have also raised prices recently, including AT&T, which upped its 3 lowest level HSD tiers by \$5/mo each in Feb. Comcast's announced increases raises its economy and flagship packages by \$2/mo, making them \$25/mo and \$45/mo for bundled subs. Its 16Mbps/2Mbps service increases to \$69.96 from \$54.95. Comcast hasn't raised prices in more than 5 years, a spokesperson said, adding that about half of its customers are in promotions and won't be impacted. Some of Comcast's video packages are also increasing, with standard going to \$63.45 from \$61.45 and expanded to \$50.55 from \$48.55 in these initial markets. "We continue to invest in next-generation technology to support new product features, more programming choices and improvements to customer service," Comcast's rep said. "As a result of these investments, combined with the increased cost of doing business and rising programming costs, the average customer bill will increase by 3.1%."

<u>CNN OK</u>: Despite recent ratings challenges (*Cfax*, 3/5), **CNN** is healthy, said the net's US pres *Jonathan Klein* Wed at the '10 Media Summit in NY. While **Fox News** and **MSNBC** now both outdraw CNN in prime, Klein said the "competition I'm really afraid of comes from social networking sites. I'm more worried about the 500 million people on Facebook than I am





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about 200 million watching on Fox." That's because of CNN's prowess and popularity in the digital space, he said, adding that the net had its most profitable year ever in '09. Similar sentiment came from **Time Warner** chief *Jeff Bewkes*, who on Tues said CNN's "revenue position and earnings position are quite steady and quite strong."

Changing Colors: Planet Green's new 7-day prime programming block Verge, which kicks off Mar 29, features shows that stray from the net's original ecological and environmental focus. "Future Food" (Mar 30), for example, features 2 Chicago chefs seeking to discover the dished of tomorrow, and "Blood, Sweat and Takeaways" (Apr 3) chronicles 6 young fast food junkies' quest to find out the truth about how their favorite foods are produced.

Editor's Note: Don't forget to submit your nominations for the CableFAX Sales Executive of the Year awards. The final deadline is Fri, Mar 12, and you can still ensure that your sales stars are considered for these honors. More info at http:// www.cablefax.com/cfp/awards/ seoy2010.html. And while you're at it, make sure to nominate your favorite media buyers and brand marketing execs for our annual "Sweet 16" list. Submit your noms for free at http://www.cablefax.com/ cfp/2010Sweet16.html. CableFAX will recognize honorees at our annual SEOY luncheon on Jun 15 at the Grand Hyatt in NYC.

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DIRECTV:	35.05	0.27
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DISNEY:		
GE:		
NEWS CORP:	16.73	0.01
MSOS		
CABLEVISION:	24.00	(0.08)
COMCAST:	17.53	0.02
COMCAST SPCL:	16.75	(0.03)
GCI:		
KNOLOGY:		
LIBERTY CAPITAL:	33.05	0.34
LIBERTY GLOBAL:	28.44	0.15
LIBERTY INT:		
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RCN:	15.35	0.13
SHAW COMM:	19.81	(0.05)
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NASDAQ:		
IVASDAQ	2330.95	10.27

TV Everywhere: Is it Going Anywhere?

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Think about that for a minute...

I Still Like Sausage

OK, so now you're getting a taste for why that old adage has long warned that you don't really want to watch sausage or legislation being made. It's true. It's a messy, malleable, sometimes confusing and often quixotic endeavor. You're never quite sure what the result is going to be, and you know for sure that some of the individual parts and pieces, if you had your choice, would have been left out. But I still like sausage.

You see, here's the thing about legislation (we'll leave



Steve Effros

sausage out of the conversation for now... the point's been made); it is, almost by definition, a result of a series of compromises.

The battles that have ensued in Washington lately have been fueled by what I think is a fundamental misunderstanding of the political process. The government, and particularly the

Congress, seems to have been taken over or influenced a lot by folks on both sides of the aisle and the issues who believe that only "their" way is the "right" way, and compromise is somehow un-American.

The very definition of politics, I believe, is best described as the art of compromise and negotiation among competing interests. So if we have a whole lot of folks at two polar opposites on any given issue, and they really believe the "best" way to get something done is by digging in on their position, the only predictable result is that the folks in the middle will get shot at from both sides!

Now if you see that happening these days in areas like the health care debate you can begin to understand why nothing seems to be getting done here. Eventually we're all going to get very hungry; no sausage.

The math becomes pretty obvious from a political point of view. The folks on the "left" of an issue (I think "left"

and "right" are nonsense on most of these issues, but it's an easy way to explain things) start shooting at the "right". The folks on the "right" shoot at the "left". The folks caught in the middle, the ones who understand that neither side is likely to "win," wind up with bullet-holes both front and back.

The polls indicate that "two-thirds" are upset, and fed up with what is going on and want to "throw the other guys out". And we start all over again, because those most upset are the ones on both edges who are not really willing to make the sausage, which is legislation. It's messy and imperfect, but it works.

Frustrating.

Presumably you have picked up by now that this is not just about health care, or a jobs or bailout bill. It's about everything. In telecommunications, we are watching the same battle-lines forming on retransmission consent negotiations (see, it's not just the government that has gotten polarized) on "net neutrality," on making ISPs common carriers, and the like. It's dysfunctional, wherever it takes place.

To be sure there are some who will argue that paralysis is a good thing. That putting the government or an administrative agency or a retrans negotiation in a position where it effectively can't move forward is the best we can hope for. I disagree. The issues we are dealing with are so complex and far-reaching, from how to expand broadband implementation to how to include those now left out of the new telecommunications economy that we need to carefully consider reasonable responses to formidable issues which need to be addressed. "Digging in" on either side is not the answer.

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