

CableFAX Daily™

Thursday — March 31, 2011

What the Industry Reads First

Volume 22 / No. 061

Reclamation: Bill Focusing on Unused Broadband Funding Important to Cable

Cable's ongoing problems with RUS broadband funding takes center stage Fri when the House Communications subcmte holds a hearing on legislation that would clarify that **NTIA** and **RUS** could terminate awards and reclaim some of the \$7bln in stimulus funds, returning them to the US Treasury. Reasons for such an action could include determinations of insufficient levels of performance, wasteful spending or fraudulent spending, according to a discussion draft. Specific concerns have been raised about RUS making loans to providers in areas with existing broadband service. The most recent audit by the **USDA's** Office of Inspector General took place in Mar '09 and therefore focused on existing broadband funding programs, not the stimulus program. But it found that the majority of the program funds have not been utilized in expanding broadband service to rural areas where no prior service exists. That's been a complaint from cable operators for years. At a hearing in Feb, IG *Phyllis Fong* testified that her office will begin oversight this year of stimulus funds made available through the RUS' Broadband Initiatives Program. The proposed legislation would give her office teeth in oversight. In her Feb testimony, she said her office found in '04 that 159 of the 240 communities associated with RUS loans already had pre-existing broadband service. This is key for companies such as **Mediacom**, who believe broadband awards have been granted in areas already sufficiently served. Mediacom filed a complaint with the IG in Feb, claiming that Lake County, MN's project is not financially viable nor does the county have the legal authority to create the network. The project was awarded \$66.4mln (\$56mln loan, \$10mln grant) to build a broadband network that would serve some 15K homes and 1K businesses. Mediacom vp *Tom Larsen* said the county's proposal met an unserved HHs requirement by including 30% of homes that are unoccupied—many of them summer homes in Superior National Forest. Of the 15K homes, he estimated that at least 8500 are served by Mediacom and **Midcontinent**. Mediacom's complaint alleges that to make the project viable the county would need virtually every occupied housing unit in the service area to subscribe to all services offered at an avg monthly charge of \$133. It's also made noise about the project's application being prepared by a company who counts *Tim Nulty* as a founder. Nulty oversaw a broadband system in Burlington, VT, that is being investigated by state and federal authorities after amassing \$50mln in debt, according to Mediacom's complaint. To date, RUS has made 320 awards valued at \$3.53bln, with less than \$100mln spent and 10 awards worth more than \$38mln altogether have been returned, according to Republican leadership. NTIA has made 233 awards valued at nearly \$4bln, but only \$300mln has actually been spent and \$39mln in awards have been returned. "The fact that this number of awards has already been returned, and that so much money still remains obligated but unspent, makes oversight of the program and this legislation all the more important," according to a memo to subcmte members from majority committee staff. NTIA head *Lawrence Strickling* and RUS admin *Jonathan Adelstein* are the sole witnesses at Fri's hearing. According to the memo, the subcmte may proceed directly into a markup of legislation following Fri's hearing.

Deals: Cox and **LIN** hammered out their differences before Thurs' midnight contract expiration. The 2 said they've entered

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into an agreement for continued carriage of LIN's stations on Cox's lineup, but that terms are confidential. Three Cox markets—New England, Pensacola and Hampton Roads—have LIN stations.

Competition: DISH agreed to spotlight the Sun premiere of **ReelzChannel's** 8-part movie "The Kennedys" through HD feature of the net. DISH subs will receive the HD access through May 4. -- **DirectTV** expanded its **Masters** coverage this year to include a 6-channel HD package featuring **ESPN** and **CBS** coverage plus an extra "featured group" channel, extended hours coverage and 24-hour interactivity. Also included: the official '10 Masters film (premieres Thurs) and the exclusive **The 101 Net** airing of the '11 Masters Preview show (Apr 3).

Carriage: DISH confirmed an **SBJ** report that it's negotiating with **SNY** for a renewal of their carriage deal that expires Thurs at midnight, ahead of Fri's **MLB** opening day. DISH declined to discuss the negotiations, and SNY did not respond by deadline. **MSG** and **MSG Plus** have been missing from DISH since Oct 1, and the DBS provider has never offered **YES**. -- **Cox** launched **YES** in Enfield, CT. -- **Comcast** will add **Mnet** to its D1 digital tier in Chicago, Boston, San Francisco and Sacramento by Sept 1. The 24/7 English-language net targets Asian Americans and fans of Asian pop culture.

Survey Says: **NAMIC** and **WICT** are teaming up to release a joint questionnaire for the next editions of their employment surveys. The combined survey reduces the overall questions by 70% and will be used for WICT's PAR Initiative and NAMIC's newly rebranded Advancement Investment Measurement (AIM). The associations said the change is a direct response to the industry's call for a streamlined process. Funded by the **Kaitz Foundation**, the joint survey will focus on the current state of ethnic and gender diversity in the industry. Findings will be presented during a Town Hall slated for Oct 4 in NYC as part of Cable Diversity Week.

At the Portals: **PBC Broadcasting** told the **FCC** that it should dismiss **ACA's** petition to block the sale of **ABC** Topeka affil KTKA (owned by **Free State**), saying the issues it raises belong in the retrans NPRM. ACA wants the FCC to block the deal or condition it so that the ABC station can't jointly bargain retrans with another TV station in the DMA.

Broadband: **Verizon** plans to deploy 100G tech on its backbone network before 3Q in segments including Chicago to New York, Sacramento to Los Angeles and Minneapolis to Kansas City. -- The **Best Buy Connect** mobile broadband service now offers 4G connectivity through a wholesale deal with **Clearwire** (unlimited data, \$45/month).

Advertising/Marketing: **Burger King**, **Chevy** and **Valvoline** are among the sponsors of scripted original "RPM Miami" (May 1), **mun2's** 1st dramatic series with novella roots. The series features the net's largest partnership integration ever, replete with on-air activations for all partners with brands and products organically integrated into the show.

Research: African Americans' (18-49) total daily TV use tallies more than 7 hours, according to **Nielsen** data from Nov, far more than either Whites (5hr 2min), Hispanics (4hr 35min) or Asians (3hr 14min). The demo led all the others in live TV, DVD playback and video games, yet trailed Whites in DVR playback. **[For more info go to CableFaxDaily.com]**.

Programming: **truTV's** Fri coverage of the '11 Reese's College All-Star Game starts at 5pm ET and includes pre- and post-game features. -- **Lifetime** renewed hospital docu-series "One Born Every Minute" for a 2nd season. -- **History's** "How the States Got Their Shapes" (May 3) offers the historical stories about US boundaries.

People: Former **FCC** chmn **Kevin Martin** has created a growth equity shop called **Carmichael Partners** with partner and

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BUSINESS & FINANCE

fellow UNC alum *Brian Bailey*. Their 1st investment is in **Bandwidth.com**, which raised \$22m in 1st round funding. NC-based Bandwidth is a nationwide supplier of Internet and voice services to small and mid-sized businesses. -- **News Corp** tapped *James Murdoch* as deputy COO/chmn/CEO, international. -- **Fox News** upped *Jay Wallace* to vp/sr exec prod, news.

Business/Finance: ValueVision (shopNBC) shares fell 11.37% Wed on news the company has priced its offering of 8.25m shares of common stock at \$6.25/share. Net proceeds are expected to be used to redeem the outstanding Series B Preferred Stock held by **GE Capital Equity Investments**. **Comcast** owns approx 6.45m of Class A VVTV shares. -- **RHI** got bankruptcy court approval to emerge from Chapter 11 under a pre-packaged reorg plan that effectively reduces the company's debt and obligations by more than \$400m. Separately, RHI inked a deal to prod 2 TV movies for **Syfy** and licensed 7 movies to **Crown Media**. -- 92% of the top execs that are part of the **Business Roundtable**, including *Brian Roberts* of **Comcast** and *Glenn Britt* of **Time Warner Cable**, expect sales to rise over the next 6 months, and more than half are looking to add jobs. 62% plan to boost capital spending, and the Roundtable's CEO Economic Outlook index shot to 113, the highest level in the nearly 10 years the poll's been conducted.

CableFAX Daily Stockwatch

Company	03/30 Close	1-Day Ch	Company	03/30 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	46.38	0.05	BLNDER TONGUE:	2.08	0.00
DISH:	24.40	0.21	BROADCOM:	40.37	(0.15)
DISNEY:	43.35	0.41	CISCO:	17.33	(0.11)
GE:	20.11	0.25	CLEARWIRE:	5.56	0.06
NEWS CORP:	18.56	0.27	CONCURRENT:	6.25	(0.03)
MSOS					
CABLEVISION:	34.33	0.01	CONVERGYS:	14.34	0.08
CHARTER:	49.49	0.32	CSG SYSTEMS:	19.80	0.42
COMCAST:	24.70	0.18	ECHOSTAR:	37.50	0.35
COMCAST SPCL:	23.18	0.11	GOOGLE:	581.84	0.11
GCI:	10.97	0.22	HARMONIC:	9.30	0.16
KNOWLOGY:	12.91	0.16	INTEL:	20.46	0.18
LIBERTY CAPITAL:	74.47	(0.36)	JDSU:	19.86	0.15
LIBERTY GLOBAL:	41.87	(0.32)	LEVEL 3:	1.46	0.01
LIBERTY INT:	16.18	0.29	MICROSOFT:	25.61	0.12
SHAW COMM:	21.26	0.51	RENTRAK:	26.93	0.31
TIME WARNER CABLE:	71.43	0.98	SEACHANGE:	9.39	0.24
VIRGIN MEDIA:	27.65	0.08	SONY:	32.28	0.37
WASH POST:	443.08	6.08	SPRINT NEXTEL:	4.56	(0.06)
PROGRAMMING					
CBS:	26.12	0.81	THOMAS & BETTS:	59.25	1.39
CROWN:	2.34	(0.06)	TIVO:	8.95	0.25
DISCOVERY:	40.00	1.40	TOLLGRADE:	10.08	0.01
GRUPO TELEVISA:	24.62	0.51	UNIVERSAL ELEC:	29.33	0.42
HSN:	32.28	0.76	VONAGE:	4.37	0.10
INTERACTIVE CORP:	30.90	0.17	YAHOO:	16.74	(0.01)
LIBERTY:	43.03	0.03	TELCOS		
LIBERTY STARZ:	77.24	0.41	AT&T:	30.71	0.66
LIONSGATE:	6.31	0.10	QWEST:	6.93	0.04
LODGENET:	3.71	0.17	VERIZON:	38.46	0.17
NEW FRONTIER:	1.78	(0.07)	MARKET INDICES		
OUTDOOR:	7.22	(0.08)	DOW:	12350.61	71.60
SCRIPPS INT:	49.89	1.00	NASDAQ:	2776.79	19.90
TIME WARNER:	35.61	0.64	S&P 500:	1328.26	8.82
VALUEVISION:	6.08	(0.78)			
VIACOM:	53.11	0.86			
WWE:	12.58	UNCH			
TECHNOLOGY					
ADDVANTAGE:	3.08	0.03			
ALCATEL LUCENT:	5.72	(0.06)			
AMDOCS:	29.19	(0.02)			
AMPHENOL:	55.26	0.39			
AOL:	19.65	(0.08)			
APPLE:	348.63	(2.33)			
ARRIS GROUP:	12.63	0.16			
AVID TECH:	22.28	0.08			
BIGBAND:	2.55	UNCH			

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Think about that for a minute...

The IP Mess

By Steve Effros

The name of this column is “Think About That For A Minute,” or “TATFAM” for short. I called it that because whenever I was giving a speech somewhere about cable television and telecommunications, I’d inevitably come to some piece of information that seemed so out of whack to me that I would relate it and then urge everyone to ... think about that for a minute! Well, the situation I’m about to delve into is going to take more than a minute. We may have a real mess on our hands.



It’s all about “IP”. That’s “Internet Protocol”. It’s what they use on the web, in broadband distribution, and to a small degree now cable systems have chosen to use IP instead of QAM to distribute some of their channels of programming. So far, so good.

“IP” is simply another “protocol”.. that is, a method by which TV’s, computers and other devices “speak” to each other; the way they move information from one place to the other.

Now, what’s cable service? The cable operator aggregates selected programming, packages it, and distributes it via wires (as opposed to “broadcasters”) to the homes of customers, who pay to see the package. Broadband “Internet” service, or being an “ISP” is different. An ISP provides a broadband Internet capability into a customer’s premises, but the customer seeks out information, data, or “programming” on their own, pays for it individually or to a packager who presumably has the legal right to sell that programming, or at least allow the customer to see or use it.

I’m trying to be very precise here, because it gets very messy very quickly from here on in.

Time Warner Cable offers a package of programming to its customers for viewing in their homes. It pays the programmers for the right to do that, and it assures that the programming is secure. That is, only the customer who pays for it gets to see it. But now Time Warner Cable has extended the ability of their customers—only in their homes—to see that programming on their iPads... using WiFi to “stream” the video, having delivered it via IP. Apparently they are about to get sued. The programmers suggest that Time Warner Cable (and presumably a lot of other cable companies) don’t have the right to service their customers using IP, only by “traditional” cable!

Note that this is NOT about customers seeing the programming outside the home. It’s not about “TV Everywhere” or whatever you want to call it. It’s not about “over the top” video delivery. It’s about delivering a television signal to a customer in their own home through a wireless connection to a video enabled screen. I assume if the same customer used a “portable” TV set connected to a home transmitter (which you can buy at your local Radio Shack) there would be no issue. But it’s an iPad, and IP, so somehow that’s a game changer.

Boy, if they’re right, will it ever change the game! Think about that. If “cable” doesn’t have the programming rights to deliver using IP, and the FCC goes through with its “AllVid” proceeding which REQUIRES cable to deliver its signals in IP, then what?

Apparently some of the programmers have written contracts that define the “service” (and price) based on technology, not on a customer using (viewing) their product. If that’s so, it’s going to be very hard to clean up this mess.

Steve

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CableFAX and The Cable Center collaborated to publish this 150-page guidebook on customer experience management for the cable industry. The guidebook includes case studies, tips and articles on understanding the foundations of customer experience management and gaining insight to use it to improve your business. You also will learn about the latest measurement strategies, research insights, personnel and compensation strategies, social media tactics and communications techniques for implementing customer experience management in your company.



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