

CableFAX Daily™

Wednesday — April 25, 2007

What the Industry Reads First

Volume 18 / No. 080

Where's the Beef? Congressmen Question Martin's 'Peculiar' Revival of Cable Regs

What's your beef with cable? That was the gist of a letter to **FCC** chmn *Kevin Martin* by the top 2 Republicans on the House Commerce cmte. "We are disturbed that with respect to the cable industry, you appear to be making proposals that are leading the Commission precisely down the road of intrusive regulation when it is least justified," Reps *Joe Barton* (R-TX) and *Fred Upton* (R-MI) wrote Tues. The letter comes 1 day before the FCC is slated to vote on a notice of proposed rulemaking that would force cable operators to carry must-carry stations' digital and analog signals after the DTV transition if their systems weren't completely digital (most won't be). It also comes a day after the latest leak from the FCC's long-awaited violence report that is due to Congress. In addition to pushing a la carte, the report also concludes that the govt has the authority to regulate extensive violence and extend its reach for the 1st time to basic cable, the *Washington Post* reports. Plus, there's Martin's multicast must-carry leasing scheme, the set-top integration ban, a 30% cable ownership cap and a video franchise reform order that didn't apply to cable—all issues rattled off by Barton and Upton. Noting the drop in homes served by cable over the years and the FCC's declaration of effective competition in many areas of the country, the 2 write, "This makes all the more peculiar some of your statements calling for increased regulation of the cable industry." The issue of dual carriage slated for a vote Wed has been rejected by the FCC a few times over the years. Because it is an NPRM, the item would not set any new rules—just seek comment on potential new rules. But cable has raised concerns that the notice may go a step further and reach premature conclusions. Barton and Upton echoed that stance. "Our hope is that if there must be yet another item seeking comments on dual carriage, it would do so in a neutral fashion, without suggesting conclusions in advance, and would consider a variety of options, as well as the implications of the integrated set-top box band," they wrote. An FCC spokesman said the agency is reviewing the letter. Meanwhile, watchdogs **Common Cause** and **Campaign Legal Center** have written commissioners urging them to vote against expanding the rules until it defines broadcasters' public interest obligations. "Do not put the cart before the horse and issue a ruling on dual must carry before digital public interest obligations are resolved," the letter said.

Fat and Happy: AT&T Delivers Monster Quarter

AT&T is no longer a 2-headed telecom monster, but its continuing integration of **BellSouth** has fattened the beast and produced some awfully scary 1Q numbers. Income doubled to \$2.8bln and rev surged 84% to \$29bln. Wireless service rev rose 14% to \$9bln, and regional business rev increased 7% to \$3bln. And even as the telco added a docile 187K video subs in the Q, the 691K net HSI adds it posted should be frightening to cable. That's a 73% increase over last year's avg quarterly net adds for the 2nd largest broadband provider in the US, behind Comcast. "The merger integration is on track and we are optimistic and confident... financial progress is accelerating," said CFO *Rick Lindner*. 10K new U-verse video subs were added in the Q, and the telco currently counts 20K, Lindner said, while reiterating a previous announce-

Don't Leave Your Subscribers Sitting On The Bench . . .

On July 1st, our analog signal fades away.

For more information on our
Digital Transition call 866-820-9462



Bill Shaw President/GM • Chris Gilpatric SVP/Affiliate Sales • Chris Manning VP/General Sales Manager (212) 210-5900

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● fax:301/738-8453 ● Editor-in-Chief: Amy Maclean, 301/354-1760, amaclean@accessintel.com ● Exec Editor, Michael Grebb, 301/354-1790, mgrebb@accessintel.com ● Assoc Editor, Chad Heiges, 301/354-1828, cheiges@accessintel.com ● Asst VP, Ed Director, Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Associate Publisher: Amy Abbey, 301/354-1783, aabbey@accessintel.com ● Marketer: Doreen Price, 301/354-1793, dprice@accessintel.com ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, cdaily@accessintel.com ● Scott Gentry/VP and Group Publisher ● Online Publisher, Alison Johns, 212/621.4642 ● Paul Maxwell/Columnist. Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs : Angela Gardner, 757/531-1369, cfaxgroupsub@accessintel.com

ment that the telco is averaging 2K installs/wk and hopes to ramp that number to 10K/wk by year's end. Four-fifths of video subs are taking high-end packages, he said, and marketing is ongoing to 25-30% of the nearly 3mln homes in 16 markets that can currently receive the service. "We're excited about what we're seeing in video," said Lindner. "I don't see [franchising] as an issue that will slow the buildout or slow the ramp." He didn't offer adoption numbers, but Linder said quad-play customers are delivering \$250-\$260 in monthly ARPU, along with churn rates two-thirds less than those for standalone phone customers. 65% of broadband customers take the fastest available speed.

On the Hill: There was a lot of hand-wringing on the Hill Tues over where the US ranks in broadband penetration (15th according to the latest stats from the **Organization for Economic Co-operation and Development**), with both the House and Sen Commerce committees holding hearings on broadband deployment. The U.S. was ranked 4th in 2000. Sen Commerce chmn *Daniel Inouye* (D-HI) plans 2 bills: One would improve broadband data collection at federal and state levels, and another would promote innovation and improve basic research on technology. Ranking House Commerce member *Joe Barton's* (R-TX) said the last thing the US should do to increase penetration is to return to regulation.

Upfronts: Lifetime's doling out more money than ever before on programming, increasing its '07-'08 budget 31% over last year. The net's boasting that it's the 1st basic cable net to ever launch 3 new dramas for the same night in the same season. The block starts at 8pm on Sun nights with "Side Order of Life," (July 15) about a reporter who receives a "wake-up call from the universe" before marrying co-star *Jason Priestley*. At 9pm, "State of Mind," (July 15) features *Lili Taylor* as a therapist with personal issues and eclectic patients. "Army Wives" (June 3), starring *Kim Delaney* and *Catherine Bell*, closes the block and features a group of women on an Army post. Lifetime and **LMN** are producing more than 60 movies, including supernatural miniseries "The Gathering" (fall) and "Write & Wrong" starring *Kirstie Alley*. In addition, LifetimeTV.com will relaunch in June.

Deals: S-A acquired a license to use **Command Audio's** on demand technology in all of its DVR set-tops. The global deal runs for the life of CA's patents.

Technology: **CableLabs** launched in CO its PacketCable 2.0 Applications Lab, offering network equipment providers and application developers a place to test and demonstrate new apps for multimedia, wireless, and converged services across PacketCable 2.0 core networks. **Ericsson** and **Cedar Point** are the first manufacturers to provide equipment and successfully demonstrate IMS-based application interoperability in the lab.

Beta: 56% of cable subs named the **Discovery Channel** as one of their favorite basic channels, according to the latest **Beta Research** survey. **Food Net** (52%), **The History Channel** (50%), **HGTV** (48%) and **Nat Geo** (47%) rounded out the top 5. 76% of basic subs also described Discovery as very entertaining, helping the net tie with **Comedy Central** for top billing in basic cable. **Animal Planet** (74%), **Disney Channel** (73%) and **Nat Geo** (71%) also fared well on the entertainment meter. As for the nets that cable subs would very much like to see in HD, **Nat Geo** (53%) kept **Discovery** (47%) from winning a 3rd category. **Speed** (45%), **ESPN** (43%) and **ESPN2** (43%) ensued.

In the Courts: A federal Circuit Court of Appeals granted **Vonage** Tues a permanent stay of a lower court's ruling barring the VoIP provider from adding additional customers. It still must refute Verizon's claims that it infringed on its patents.

Programming: E! will launch as an over-the-air net in Canada Sept 1 through a partnership with **CanWest Media-**

EXPERIENCE MOVIES

Exclusive Day & Date Premiere

Diggers Friday at 9PM ET

Call Bill Padalino at 973-835-3780 or bpadalino@hd.net to add HDNet and HDNet Movies to your HD line-up today.

www.hd.net

HDNET
MOVIES



BUSINESS & FINANCE

works. CanWest's current CH network will be rebranded as E!. It marks the 1st time E! will ever be delivered as an OTA net anywhere in the world. -- **HGTV's** ratings bread winner "HGTV Design Star" returns for a 2nd season July 22 (10pm), and will run through Sept 16. -- *Kevin Bacon* will star in **HBO's** "Taking Chance," based on a 1st-person account of Marine officer *Michael Strobl*. Production begins this summer for the film, which chronicles Strobl's journey as the escort of a fallen soldier's body to his Wyoming home. -- **WE tv** greenlit a 2nd season of "John Edward Cross Country" (Sept) and "American Princess" (Aug), and announced "Twister Sisters" (Dec), a weekly series following 2 women in pursuit of tornadoes.

People: *Richard Gay* was promoted to evp, strategy and business operations, **VH1** and **CMT**. -- *Michael Wright* was named svp of the newly reorganized and renamed Content Creation Group for **Turner**. He adds responsibility for **TCM** original programming while continuing to oversee originals for **TBS** and **TNT**. Day-to-day operations of the TCM original programming team will continue to be handled by vp, program production *Tom Brown*, who now reports to Wright. The role of TCM evp/GM, which 15-year Turner vet *Tom Karsch* vacated last month, will not be filled. -- **MTV Nets Latin America** tapped **NBCU/Telemundo's** *Juan Acosta* as vp/CFO.

CableFAX Daily Stockwatch

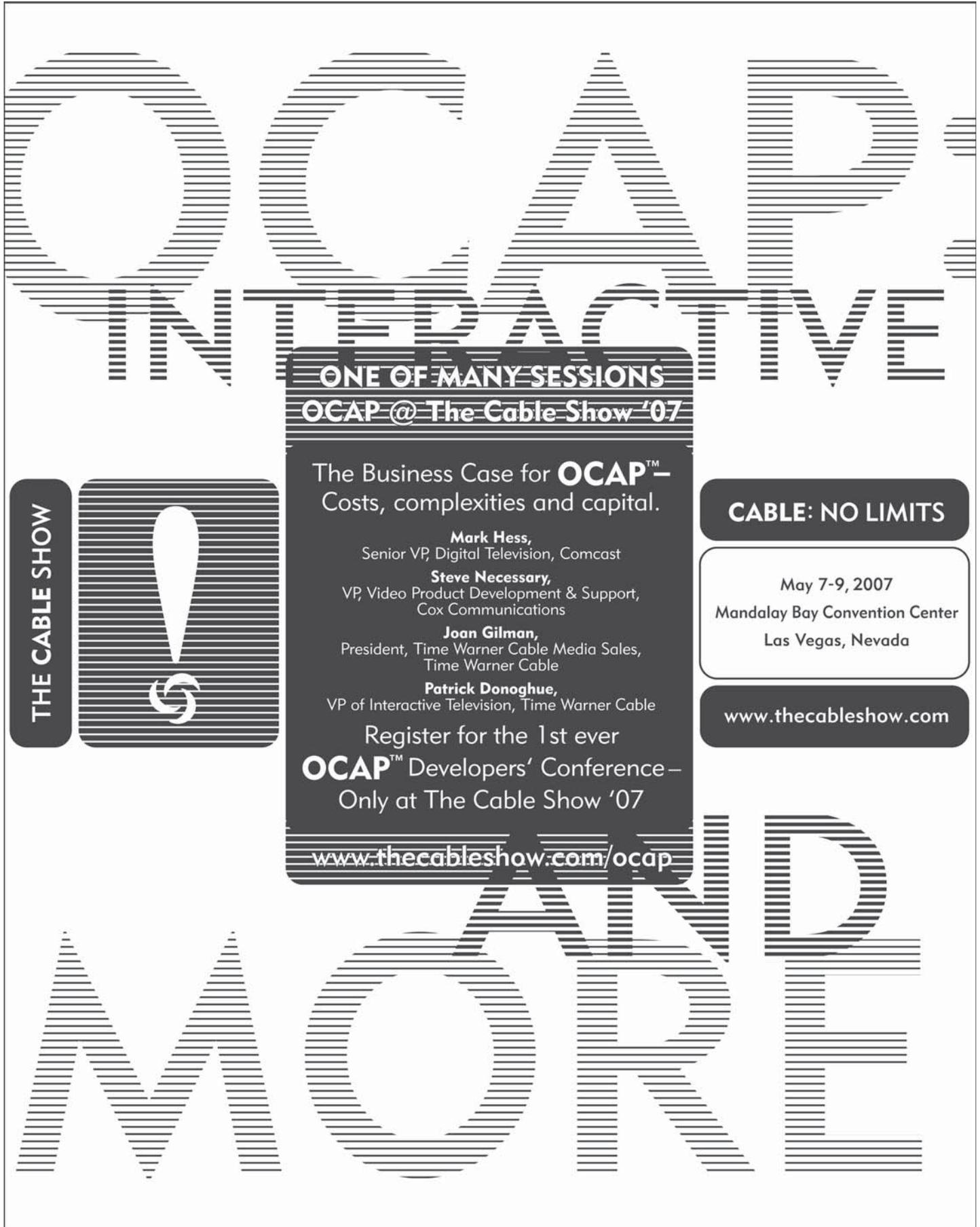
Company	04/24 Close	1-Day Ch	Company	04/24 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	45.97	(0.21)	AMPHENOL:	35.60	0.10
DIRECTV:	23.94	(0.08)	APPLE:	93.24	(0.27)
DISNEY:	34.91	(0.17)	ARRIS GROUP:	14.94	0.18
ECHOSTAR:	46.84	0.27	AVID TECH:	37.99	0.27
GE:	34.76	(0.04)	BLNDER TONGUE:	1.85	(0.05)
HEARST-ARGYLE:	27.34	(0.17)	BROADCOM:	34.06	1.12
ION MEDIA:	1.26	0.00	C-COR:	13.39	(0.05)
NEWS CORP:	24.68	(0.19)	CISCO:	26.33	(0.25)
TRIBUNE:	32.55	0.06	COMMSCOPE:	45.08	0.46
MSOS					
CABLEVISION:	32.43	(0.43)	CONCURRENT:	1.45	0.00
CHARTER:	3.20	(0.17)	CONVERGYS:	26.93	(0.08)
COMCAST:	27.53	(0.12)	CSG SYSTEMS:	25.87	0.32
COMCAST SPCL:	27.02	(0.04)	GEMSTAR TVG:	4.47	(0.02)
GCI:	15.18	0.13	GOOGLE:	477.53	(1.55)
KNOLOGY:	17.20	0.10	HARMONIC:	10.17	(0.02)
LIBERTY CAPITAL:	115.58	(1.18)	JDSU:	15.77	0.02
LIBERTY GLOBAL:	35.06	(0.01)	LEVEL 3:	6.06	0.00
LIBERTY INTERACTIVE:	24.80	0.04	MICROSOFT:	28.79	0.01
MEDIACOM:	8.78	(0.14)	MOTOROLA:	17.64	(0.25)
NTL:	28.22	0.00	NDS:	51.75	0.16
ROGERS COMM:	38.55	0.40	NORTEL:	24.27	0.69
SHAW COMM:	39.34	(0.03)	OPENTV:	2.46	0.00
TIME WARNER CABLE:	37.30	(0.57)	PHILIPS:	41.95	(0.17)
WASH POST:	743.00	(5.71)	RENTRAK:	14.60	(0.1)
PROGRAMMING					
CBS:	31.55	(0.17)	SEACHANGE:	8.92	0.08
CROWN:	5.97	0.01	SONY:	54.50	(0.27)
DISCOVERY:	21.35	0.42	SPRINT NEXTEL:	20.27	0.23
EW SCRIPPS:	45.15	(0.1)	THOMAS & BETTS:	53.00	(0.43)
GRUPO TELEVISA:	29.46	(0.12)	TIVO:	6.39	(0.05)
INTERACTIVE CORP:	37.43	(0.16)	TOLLGRADE:	11.97	0.10
LODGENET:	33.12	0.46	UNIVERSAL ELEC:	28.08	0.15
NEW FRONTIER:	8.69	(0.12)	VONAGE:	3.72	0.83
OUTDOOR:	10.08	0.03	VYYO:	7.45	(0.21)
PLAYBOY:	9.89	(0.04)	WEBB SYS:	0.06	0.00
TIME WARNER:	20.98	0.10	WORLDGATE:	0.67	(0.02)
UNIVISION:	36.23	0.00	YAHOO:	28.02	0.14
VALUEVISION:	11.84	(0.08)	TELCOS		
VIACOM:	42.80	0.53	AT&T:	39.10	(0.67)
WWE:	17.12	0.12	QWEST:	8.93	(0.01)
TECHNOLOGY					
3COM:	4.26	0.06	VERIZON:	37.60	0.05
ADC:	18.80	(0.05)	MARKET INDICES		
ADVANTAGE:	4.14	(0.06)	DOW:	12953.94	34.54
ALCATEL LUCENT:	13.16	0.59	NASDAQ:	2524.54	0.87
AMDOCS:	37.88	0.13			



ONLY NFL NETWORK GIVES YOU MORE THAN 100 PROFILES OF KEY DRAFT PROSPECTS ON DEMAND



NFLNETWORKAFFILIATES.COM



ONE OF MANY SESSIONS
OCAP™ @ The Cable Show '07

The Business Case for **OCAP™** –
Costs, complexities and capital.

Mark Hess,
Senior VP, Digital Television, Comcast

Steve Necessary,
VP, Video Product Development & Support,
Cox Communications

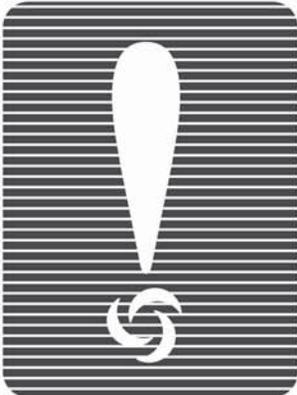
Joan Gilman,
President, Time Warner Cable Media Sales,
Time Warner Cable

Patrick Donoghue,
VP of Interactive Television, Time Warner Cable

Register for the 1st ever
OCAP™ Developers' Conference –
Only at The Cable Show '07

www.thecableshow.com/ocap

THE CABLE SHOW



CABLE: NO LIMITS

May 7-9, 2007
Mandalay Bay Convention Center
Las Vegas, Nevada

www.thecableshow.com

MORE