

CableFAX Daily™

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What the Industry Reads First

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Dangerous Precedent? Delving Deeper Into the Broadband Stimulus Program

With \$7.2bln in broadband grants on the table, the industry needs to remember to consider what the funds could mean beyond expanding broadband. "We will not succeed as well as we could in an environment where the... realm is arbitrage, whether it's at the **PUC**, **NTIA** or **RUS**," **NCTA** chief *Kyle McSarrow* said at **ACA's** DC Summit Tues. "That's not what our industry has done. We go out and dig trenches, we lay pipe... we don't have an army of lawyers... to talk about rate tariffs all day long." McSarrow applauds the broadband effort, but said he does worry about a possible precedent. It's a good thing for the govt to step in and identify areas that are not being served with broadband, but if building infrastructure becomes a matter left to lawyers at the PUC, "that's not a winning hand for us," he said. ACA members do not generally look for govt help, but on the table are public-private opportunities with "serious funds" that could help address the issues of small-market/rural providers, said ACA pres/CEO *Matt Polka*. ACA especially hopes money goes toward upgrading the pipe in members' markets so they can offer better and faster service. But Polka too has some concerns. "Maybe broadband is going in the right direction, but how heavy of an intervention will govt have in other regulations that may have other effects on cost—the cost of regulation, the cost of operation—that could actually have somewhat of a chilling effect on deploying that broadband because you don't have all this capital to go around," he said. "We hope the govt sees that what they do in other areas can have an effect on how much broadband we can deliver." Tues' panel also included **Public Knowledge** head/net neutrality advocate *Gigi Sohn*. Her boilerplate analysis: if you take a govt handout, then the govt can demand things of you—such as the non-discrimination provisions that are in the statute. But McSarrow said he thinks the govt return from providers is building out broadband. "The issue is: have you constructed a program where anybody actually shows up? If you place too many conditions, you risk marginal applicants showing up... and then 2 years from now, there will be an OIG investigation on why all those projects failed," he countered. Sohn disagreed, predicting there will be qualified businesses "knocking the doors down to get that money." Something all 3 agreed on was that \$7.2bln is not enough to do much. "The only way to move the needle is to allow the private sector access to capital to do what we've been doing," McSarrow said. **NCTC** pres/CEO *Jeff Abbas* threw support behind the stimulus package because it will get money flowing again. "It's a bonus if it's a good business decision," he said.

Metered Bandwidth: **Time Warner Cable's** planned (now shelved) trial of a consumption-based billing model for broadband caused quite the stir, but **Sunflower Broadband** has been using that model for about 4 years. Sunflower COO *Patrick Knorr*, speaking at **ACA's** Summit Tues, said that he realized years ago it was the only way to manage infrastructure. Sunflower has a 1GB cap for its slowest service, 10GB for its mid-level (up to 7MB downstream) service and 40G for its premium service. Overage charges are currently under review but run about \$2 for every GB over (subs can also buy blocks of bandwidth if they know they will have a particularly heavy usage month). Interestingly, Knorr said that the major-

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Source: Beta Research, Brand Identity Study, 3/09,
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ity of over-consumption was not intentional but based on compromised computers with viruses, an unsecured wireless connection being exploited, etc. In such cases, Sunflower does not charge consumers, but helps them fix the problem, as the primary purpose behind the model is to control consumption, he explained. **Wave Broadband** is exploring a similar model, and is currently focused on educating customers, said COO *Steve Friedman*. ACA has not formed an official position on the issue, but chief *Matt Polka* said the group will be supportive, calling metered billing a necessity going forward.

ACA Notebook: Should **ACA** companies get some of that \$7.2bln in broadband funds, they do promise to add more jobs. That was the unanimous answer of the 5 execs on Tues' a.m. panel. And they'll be taking that message to members of Congress this week as they explain why ACA members should be considered for stimulus funds. "We represent the most efficient way to distribute money," said *Harron chmn/CEO Jim Bruder*. -- Nice one from our own *Paul Maxwell*, who told attendees that if they spent \$10K with vendors exhibiting at the forum, they'd receive the hottest tchotchke around—swine flu masks with an ACA logo. -- No ACA Summit is complete without a mention of retrans, but it's an "ongoing dialogue," pres/CEO *Matt Polka* told reporters. Right now, the group's concentrating on issues already on the table, including modifying SHVERA to allow markets on state borders who receive broadcasts from out-of-state to import signals from broadcasters within their states. -- During a policy panel, Senate Commerce Committee's *James Reid* noted what he sees as an "interesting dichotomy" with cable's argument on consumption-based billing. "You want to meter broadband, but you don't want to meter the programming," he said. *Neil Fried*, minority senior counsel for the House communications subcommittee, pondered whether net-neutrality advocates have pounced on the metering issue to "protect their flank," fearing they could be blamed for previously opposing network management practices that might have made metering unnecessary.

Competition: **FiOS TV** has added to its digital lineup **MLS' Direct Kick** subscription package featuring 130 matches. Separately, the service will launch Chinese-language net **Sino TV** this week, with plans to launch 2 others in the future.

In the States: **NRTC** has inked with **DigitalBridge Comm** a **WiMAX** distribution agreement allowing its membership to expand the provision of broadband services to underseved and unserved areas. NRTC also invested an undisclosed amount in DigitalBridge. -- **Comcast** has launched in the Boston area broadband services for SMBs offering speeds up to 50Mbps/10Mbps for \$190/month or up to 22Mbps/5Mbps for \$100/month.

Speedy CVC: Beginning May 11, **Cablevision** will offer its entire footprint **Optimum Online Ultra**, a new broadband tier offering downstream speeds of up to 101Mbps/15Mbps for \$100/month. Previous speculation had pegged the price at approx \$300/month. The MSO said the service is faster than those offered by any other cable op or telco, and touted its broadband services market share of more than 75% and penetration of 52%. Also, CVC doubled to up to 3Mbps the downstream speed featured through its wireless Optimum WiFi Internet service.

Beta: **Investigation Discovery** has made quite an impression on viewers over the last 12 months, vaulting to the top of viewers' list of favorite channels in **Beta's** brand identity study. 55% of viewers named the net 1 of their favorite channels, with **Discovery Channel** and **History** each garnering 54%. **Food Net** (52%), **HGTV** (49%) and **Nat Geo** (49%) completed the top 5. **Comedy Central**, meanwhile, received the greatest percentage of "very much entertaining" descriptions with 78%, and was followed by **Discovery Channel** (74%), **Disney Channel** (73%), **Nat Geo** (73%) and **Investigation Discovery** (73%).

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BUSINESS & FINANCE

Upfronts: Aimed at the Millennial generation defined by “a great sense of optimism” and filled “with a ‘can do’ spirit that’s infused into all areas,” **MTV** greenlit 8 new shows and announced the planned return of 5 others. The new projects include animated series “DJ and the Fro,” which featured Web video clips; “Gone Too Far,” centered on serious substance abusers that need help; and hidden camera show “Disaster Date.” Heading the return list are “The Hills,” “Runs House” and “America’s Best Dance Crew.”

Honors: **HBO** led cable with 8 **Sports Emmys**, including 3 for “Calzaghe-Jones 24/7.” Other winners: **ESPN** (4), **FSN** (3), **TNT** (2), **ESPN2**, **NFL Net**, **Showtime** and **ESPN.com**. Cable and broadcasters received 21 awards each. -- **Suddenlink** chmn/CEO *Jerry Kent* has been awarded a Dean’s Medal from **Washington University’s Olin Business School**, his alma mater, for establishing a \$3mln scholarship that will provide scholarships to 20 undergrads over the next 7 years.

People: **DISH** promoted *Bernie Han* to COO, appointed *Robert Olson* evp/CFO and added to evp *Tom Cullen*’s duties oversight of all sales and marketing functions.

Business/Finance: **Cross Research** initiated coverage of **Time Warner Cable** with a “buy” rating; **Comcast** and **Cablevision** with “hold” ratings; and **Mediacom** with a “sell” rating.

CableFAX Daily Stockwatch

Company	04/28 Close	1-Day Ch	Company	04/28 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMPHENOL:	32.99	0.13
BRITISH SKY:	25.61	(0.37)	APPLE:	123.90	(0.83)
DIRECTV:	24.74	(0.33)	ARRIS GROUP:	9.61	0.13
DISH:	12.82	(0.68)	AVID TECH:	10.64	0.14
DISNEY:	19.51	(0.23)	BIGBAND:	5.65	0.10
GE:	12.00	(0.09)	BLNDER TONGUE:	1.13	0.08
HEARST-ARGYLE:	4.50	0.00	BROADCOM:	23.17	(1.21)
NEWS CORP:	8.40	(0.1)	CISCO:	18.67	0.30
MSOS					
CABLEVISION:	15.73	(0.38)	CLEARWIRE:	5.45	(0.09)
COMCAST:	14.19	0.43	COMMSCOPE:	20.47	0.71
COMCAST SPCL:	13.21	0.40	CONCURRENT:	4.14	(0.01)
GCI:	7.66	0.31	CONVERGYS:	9.60	(0.07)
KNOLOGY:	6.50	0.29	CSG SYSTEMS:	14.58	0.19
LIBERTY CAPITAL:	11.65	0.03	ECHOSTAR:	15.76	(0.07)
LIBERTY ENT:	23.96	(0.08)	GOOGLE:	383.71	(2.24)
LIBERTY GLOBAL:	15.65	(0.32)	HARMONIC:	7.14	0.26
LIBERTY INT:	4.63	(0.18)	INTEL:	15.05	(0.23)
MEDIACOM:	4.75	0.00	JDSU:	5.19	0.25
SHAW COMM:	15.30	(0.08)	LEVEL 3:	0.97	(0.16)
TIME WARNER CABLE:	27.25	0.34	MICROSOFT:	19.93	(0.47)
VIRGIN MEDIA:	7.45	0.10	MOTOROLA:	5.81	0.10
WASH POST:	416.43	(2.31)	NDS:	62.93	0.00
PROGRAMMING					
CBS:	5.86	(0.15)	OPENTV:	1.51	0.01
CROWN:	2.96	0.04	PHILIPS:	17.21	(0.35)
DISCOVERY:	18.23	(0.13)	RENTRAK:	9.98	0.11
EW SCRIPPS:	1.60	(0.03)	SEACHANGE:	6.04	(0.08)
GRUPO TELEVISA:	15.34	0.30	SONY:	25.77	(0.54)
HSN:	6.51	(0.06)	SPRINT NEXTEL:	4.16	0.07
INTERACTIVE CORP:	15.96	0.04	THOMAS & BETTS:	27.80	0.26
LIBERTY:	24.29	(0.23)	TIVO:	7.51	0.02
LODGENET:	4.07	0.09	TOLLGRADE:	5.73	(0.02)
NEW FRONTIER:	1.95	(0.01)	UNIVERSAL ELEC:	18.43	0.37
OUTDOOR:	7.14	0.05	VONAGE:	0.37	0.01
PLAYBOY:	2.48	0.17	YAHOO:	13.64	(0.25)
RHI:	2.75	0.41	TELCOS		
SCRIPPS INT:	26.02	0.12	AT&T:	25.65	0.34
TIME WARNER:	21.77	0.31	QWEST:	3.57	0.00
VALUEVISION:	0.74	0.01	VERIZON:	30.96	0.42
VIACOM:	20.26	(0.03)	MARKET INDICES		
WWE:	10.61	(0.01)	DOW:	8016.95	(8.05)
TECHNOLOGY					
3COM:	4.01	0.07	NASDAQ:	1673.81	(5.6)
ADC:	6.59	0.14			
ADVANTAGE:	1.73	0.03			
ALCATEL LUCENT:	2.50	0.20			
AMDOCS:	20.48	(0.24)			



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March Mellowness Breaks Out

While the press coverage of Web activity in Mar seemed to fetishize **CBSSports.com's** March Madness On Demand traffic of a reported 7.52mln viewers (up 58% from last year), that traffic barely would have beat out the **FoodNetwork.com's** overall pull for the month (7.2mln). You think college basketball fans are rabid. You ever seen a strung out *Bobby Flav* viewer in search of that barbeque fix?

In March, most of the usual cable brands demonstrated that month-to-month longevity at the top of the chart. In the post-election months, **Weather Channel** re-takes its traditional place at the top of the heap. Its audience size was at the upper end of its usual range. A number of other sites have advanced substantially since late last year, however. In Dec, for instance, **MTV** had 9.2mln uniques, but by last month its audience had expanded to 16.3mln. The company has been executing an ambitious strategy throughout the year of launching niche sites and blogs around tightly defined verticals like *Headbangers Blog* and *MTVLabs* where it beta tests new digital ideas.

Also coming on exceptionally well is the **Nickelodeon** family of sites at 29.8mln uniques, up from 11.3 in December's **comScore** counts. And lest we think that video is the sole driver of the time-spent metric, Nick's aston-

ishingly strong 87.8 minutes of hang time per visitor each month is a testament to the power of gaming. Almost all Nick TV properties have multiple Web-based games associated with them. The games are considered an extension of the show content and marketing, and is promoted heavily on-air. If you want stickiness, gaming is the Web's most effective glue.

But to give streaming media its due, it is clear that video is playing an important role in changing Web habits and engaging users. Recent research from **Nielsen** showed that the number of Americans accessing online video grew 339% in the past five years, up 8% in the last year alone. By way of comparison, search has grown its penetration 50% in 5 years. Both news networks in the comScore charts, **CNN.com** (43.4

minutes per visitor) and **FoxNews.com** (80.2 minutes) are relying more heavily on video than ever before. **ESPN.com** (53.9 minutes) re-launched in Jan with a video-centric design that leverages the on-air cable programming more directly at the site. Video now is available on pretty much every page of **ESPN.com** and even embedded in the front page marquee position. Like **Hulu**, **CBS.com** and other major online video providers, ESPN lets users embed the video into third party sites to promote hyper-distribution. Time spent on video sites has gone up 2000% since 2003, Nielsen reports.

(Steve Smith is a lapsed academic turned media critic and consultant. He is the Digital Media Editor for Min, conference programmer for Mediapost, and longtime columnist for eContent Magazine).



comScore Web Box Scores

	Total Unique Vistors (000)	Total Unique Vistors (000)	Total Unique Vistors (000)	Average Minutes Per User	Average Minutes Per User	Total Average Minutes
	Feb-2009	Mar-2009	% Change	Feb-2009	Mar-2009	% Change
The Weather Channel	37,215	39,452	6	8.5	9.8	15
CNN	34,663	33,462	-3	44.4	43.4	-2
Nickelodeon Kids and Family	26,707	29,803	12	89.8	87.8	-2
ESPN	17,119	21,262	24	47.9	53.9	13
MTV Networks Music	16,816	16,367	-3	15.7	16.7	6
Discovery Digital Media Sites	13,924	13,640	-2	11.7	10.1	-14
FoxNews.com	8,997	8,890	-1	64.5	80.2	24
FoodNetwork.com	7,179	7,203	0	15.5	16.5	6
Comedy Central	3,923	4,866	24	3.4	4.1	21
VH1	4,108	4,423	8	22.8	23.5	3

Data represents the top 10 most trafficked Web sites among the top 20 cable programmers based on subscriber rankings

Source: ComScore (www.comscore.com)

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Entry Deadline: May 15, 2009

MSO AWARDS

- MSO of the Year
- Best Community Service (By An Individual System)
- Best Tech Innovation or Innovator (By Individual System or System-Wide)
- Best Customer Service Innovation (By An Individual System or MSO-Wide)
- Best Commercial Sales Team of the Year
- Project Launch of the Year (could be in sales, technology, community service, customer service, employee relations or anything else; the project must have been launched in calendar year 2008)
- Regional Executive of the Year
- Lifetime Achievement

INDEPENDENT OPERATOR AWARDS

- Independent Operator of the Year
- Marketer of the Year
- System Executive of the Year
- Strategic Thinker of the Year
- Best Community Service
- Customer Service Innovation or Innovator
- Project Launch of the Year
- Lifetime Achievement

Category details available at
www.CableFAX.com/TopOps

How To Enter: There is no fee to enter. Use this form or visit www.CableFAX.com/TopOps for entry form copies, additional category information, and to view the 2008 Winners. Fax or Mail your entries and supporting materials by May 15, 2009 to:

Fax: 301-309-3847 or Mail Entries to:
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CableFAX Top Operators Awards
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What to Enter: You should submit an essay of not longer than 500 words explaining, with as much specificity as possible, why the candidate or team should be considered. You can supplement your essay with news clips, photos or other materials. When submitting multiple entries please use a separate entry form for each.

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Title of Entry: _____
Company: _____

Contact Information *(All Required)*

Name: _____
Company or Agency/Title: _____
Address: _____
City: _____ State: _____ Zip: _____
Telephone: _____
Fax: _____
E-Mail Address: _____

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Winners will be honored in the July 2009 issue of CableFAX: The Magazine Top Operators Issue

