

# CableFAX Daily™

Wednesday — April 30, 2008

What the Industry Reads First

Volume 19 / No. 083

## Under 5K Crowd: Cable Pushes to Expand Eligibility for Dual-Carriage Waiver

When FCC chmn *Kevin Martin* informed the ACA last month of his proposal to automatically exempt cable systems that are 552Mhz or smaller from FCC rules requiring them to pass along must-carry broadcasters' HD signals (and a dual-carriage mandate), he mentioned nothing about exempting systems with 5K subs or fewer. That was something the industry had argued for, and NCTA is continuing to pursue. In a recent filing at the FCC, the cable trade assoc described its "urgent plea" that these systems be included in an exemption to the requirement to carry HD or SD signals of must-carry stations as long as the digital signal is converted to analog and viewable to all subs. "Where a system has 5K or fewer subscribers, there may be too few customers to justify the additional cost necessary to carry the digital signals of must carry broadcasters in digital, too," NCTA said, noting that the Commission exempted systems under 5K from Emergency Alerting System rules because of costs, which were "much less." It appears that larger MSOs will be most impacted by the 5K sub exemption. "Most ACA members operate analog-only systems or hybrid analog-digital systems of less than 552 MHz where the FCC's relief would apply. However, we realize other companies may have systems with less than 5,000 subscribers and more than 552 MHz capacity where Commission review is on point in this process," ACA pres/CEO *Matt Polka* said. The FCC is basing the exemption proposal on a section of the Communications Act that ensures carriage of must-carry stations "to the extent technically feasible." NCTA argues that the FCC has interpreted technical feasibility in the past to include the consideration of costs. Meanwhile, cable continues to push the FCC to act quickly to exempt small systems from the dual-carriage obligation. The item is currently on circulation, but it's not on the May 14 open meeting agenda (Commissioners could vote for it before the meeting, however).

**Martin's Management:** So, is FCC chmn *Kevin Martin* blocking or degrading as he engages in agency management? That's the question we're asking after a House Oversight and Investigations subcmte staff memo to House Commerce chmn *John Dingell* (D-MI) and Oversight chmn *Bart Stupak* (D-MI) came to light. "The bottom line is that the FCC process appears broken and most of the blame appears to rest with Chairman Martin. We propose hearings in June," the memo concludes. House Commerce ordered the subcommittee to investigate earlier this year following complaints about how the FCC is conducting itself. Staff said they have conducted more than 30 interviews with current and former FCC employees, as well as with industry reps and private citizens in the ongoing investigation. An FCC spokesman declined comment. One of the issues that sparked the FCC probe was allegations by a fellow FCC commissioner that Martin suppressed data that would contradict that the so-called 70/70 test had been met—though some might argue he only delayed the traffic—er, data—since Commissioners did eventually receive it after they asked for it. The subcommittee is also examining the reversal of an '04 Media Bureau report that determined a la carte wasn't a good idea. Following complaints about the FCC's openness, Martin has begun



## ReelzChannel Viewers Buy More VOD Movies\*

\*Research conducted Fall 2007 by Frank N. Magid Associates

[affiliate.reelzchannel.com](http://affiliate.reelzchannel.com)

© 2008 REELZCHANNEL is a registered trademark of Hubbard Media Group, LLC.

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 ● Publisher: Debbie Vodenos, 240/753-5696, dvodenos@accessintel.com ● Advertising Mgr: Erica Gottlieb, 212/621-4612 ● 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 ● Diane Schwartz/VP and Group Publisher ● Paul Maxwell/Columnist.Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs : Angela Gardner, 757/531-1369, cfaxgroupsub@accessintel.com

holding regular news conferences with reporters and releasing the monthly meeting agenda 3 weeks in advance.

**Time Warner Shakeup:** Time Warner CEO Jeff Bewkes is expected to announce plans Wed for a spinoff of **Time Warner Cable**, a development that would end the TW/TWC talks on the subject mentioned by Bewkes in Feb and likely please TWX shareholders. The speculation helped shares of both TWX (+1.1%) and TWC (+2.7%) achieve healthy gains Tues. **Citigroup** expects a transaction involving a 1-time special dividend from TWC of approx \$6/ share and the distribution by Time Warner of its existing stake in TWC to existing TWX equity holders. *The Times of London* posits the spinoff will release approx \$3.8bln in cash that TWX will likely use to repurchase stock.

**Deals:** **Gemstar-TV Guide** stockholders approved the merger of Gemstar with **Macrovision**, with more than 90% of outstanding shares voting in favor of the transaction. The merger is expected to take effect Fri. Expect the rumblings over what Gemstar assets might be sold off (such as **TV Guide Network**) to ratchet up a notch.

**Crown Me:** **Hallmark** sewing up its final renewal with a major distributor might help explain the hefty \$1.7mln bonus **Crown** pres/CEO **Henry Schleiff** received for '07. The bonus was in addition to his \$1mln base salary and \$487K in stock awards and \$1.4mln in option awards, according to Crown's proxy. On Thurs, Crown announced that **Cablevision** renewed its distribution agreement with Hallmark and **Hallmark Movie Channel**. CVC has the right to distribute both the SD and HD versions of Hallmark Movie. Hallmark previously reached renewal agreements with **Comcast**, **Time Warner Cable** and **DirectTV**.

**Competition:** NYC's Dept of Info Tech and Telecom has approved **Verizon's** citywide video franchise proposal for **FiOS TV**, which must still be approved by the city's Franchise and Concession Review Cmte and the state's PSC. VZ agreed to the following: the max 5% franchise fee, a \$10mln grant to NYC TV and increased funding to community access orgs, and a \$4mln grant to expand public access to tech. -- **AT&T** has expanded **U-verse** to some local Atlanta communities.

**In the States:** **Comcast** has increased the speeds of its business class Internet service tiers to max out at 16Mbps (download) and 2Mbps (upload). Also, the MSO overhauled its VOD system in South FL to increase programming.

**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** (53%), **HGTV** (48%), **History** (47%), and **Nat Geo** (46%) rounded out the top 5. 76% of basic subs also described Discovery as "entertaining," helping the net tie with **Comedy Central** for top billing in basic cable. **Animal Planet** (74%), **Disney Channel** (72%) and **Food** (72%) also fared well on the entertainment meter. As for the nets that cable subs would very much like to see in HD, **Nat Geo** (54%) kept Discovery (50%) from winning a 3rd category. **ESPN** (48%), **ESPN2** (48%) and **Speed** (47%) ensued.

**Ratings:** While **Showtime's** "Dexter" continues to perform well Sun nights on **CBS** (6.69mln total viewers over 10 telecasts), **USA's** "Monk" and particularly "Psych" aren't faring nearly as well on **NBC** the same night. Through Sun, 4 airings of "Monk" have averaged 5.59mln total viewers in the 8pm ET slot, while an equal number of "Psych" eps have averaged 3.93mln total viewers in the 9pm ET slot. It's important to remember, though, that competition is stiff on Sun's and that NBC's viewership is lagging overall. -- **USA** (2.1/2.06mln) easily took home the prime viewership trophy for Apr, as 3 **WWE** telecasts hit the month's top 10. **Disney** (1.8/1.73mln) and **TNT** (1.8/1.73mln) tied for 2nd



## When it comes to the digital transition, RLTV means business.

Let RLTV help you capture new subscribers and upgrade your current customers.

We have the knowledge. We have the kit.

For more information contact Betsy Brightman  
443 430 8944 or [BBrightman@RLTV](mailto:BBrightman@RLTV)

[WWW.RL.TV/TOOLKIT](http://WWW.RL.TV/TOOLKIT)



Inspiring your freedom years

[WWW.RL.TV](http://WWW.RL.TV)

# BUSINESS & FINANCE

position, followed by **Nick at Nite** (1.4/1.37mln), **TBS** (1.4/1.35mln) and **Fox News** (1.4/1.29mln) in a dead heat for 4th. -- **Lifetime** original movie "The Memory Keeper's Daughter" (5.0/4.83mln) was the month's highest-rated telecast, helping the net achieve in Apr 14% growth among women 18-49 and 13% among women 25-54.

**Awards:** HBO led all **Sports Emmy Award** honorees with 8 wins, including a pair each for "Ghosts of Flatbush" and "Mayweather/Hatton 24/7." The **ESPN** family garnered 7 awards (3 for **ESPN.com**), **TNT** earned 3, and **NFL Net** picked up 2. **FSN**, **Golf Channel** and **TBS** took home 1 each. Broadcast tallies: **Fox** 5, **CBS** 3, **NBC** 3 and **ABC** 1.

**People:** **Rainbow** promoted **Mike DiPasquale** to evp, operations. -- **Documentary Channel** appointed former **OpenTV** CEO **James Ackerman** chmn.

**Business/Finance:** **Blockbuster** is engaged in talks about assuming a stake in the planned **Paramount/MGM/Lionsgate** premium channel, according to the *WSJ*. As part of the deal, Blockbuster would receive digital rights to the net's programming in return for an investment. -- As **CBS'** 1Q TV rev remained flat at \$2.6bln, affil rev rose 6% on rate increases and sub growth at **Showtime** and **CBS College Sports Net**. The company nearly doubled its online rev for **March Madness On Demand**.

## CableFAX Daily Stockwatch

Company	04/29 Close	1-Day Ch	Company	04/29 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BROADCOM:	26.52	(0.26)	AMDOCS:	31.96	0.23
BRITISH SKY:	42.37	(0.98)	AMPHENOL:	46.32	(0.4)
DIRECTV:	25.54	0.32	APPLE:	175.05	2.81
DISNEY:	32.76	0.33	ARRIS GROUP:	7.01	(0.17)
ECHOSTAR:	30.88	(0.32)	AVID TECH:	21.07	0.60
GE:	32.82	(0.35)	BIGBAND:	7.32	(0.13)
HEARST-ARGYLE:	20.76	0.16	BLNDER TONGUE:	1.41	0.01
ION MEDIA:	1.45	0.00	BROADCOM:	26.52	(0.26)
NEWS CORP:	18.23	0.10	CISCO:	25.51	0.16
<b>MSOS</b>					
CABLEVISION:	23.08	(0.12)	COMMSCOPE:	41.61	0.18
CHARTER:	1.02	0.05	CONCURRENT:	0.71	0.00
COMCAST:	20.26	0.41	CONVERGYS:	15.70	(0.76)
COMCAST SPCL:	19.88	0.33	CSG SYSTEMS:	12.23	0.10
GCI:	6.27	(0.04)	ECHOSTAR HOLDING:	30.90	0.43
KNOLOGY:	12.96	(0.01)	GEMSTAR TVG:	4.14	0.08
LIBERTY CAPITAL:	15.54	(0.07)	GOOGLE:	558.47	6.35
LIBERTY ENTERTAINMENT:	26.50	0.58	HARMONIC:	8.34	(0.19)
LIBERTY GLOBAL:	34.69	0.95	JDSU:	14.58	(0.01)
LIBERTY INTERACTIVE:	15.28	0.07	LEVEL 3:	3.02	0.20
MEDIACOM:	4.15	0.00	MICROSOFT:	28.64	(0.35)
ROGERS COMM:	42.97	0.00	MOTOROLA:	10.00	0.54
SHAW COMM:	20.95	0.01	NDS:	49.97	(0.28)
TIME WARNER CABLE:	27.62	0.73	NORTEL:	8.73	0.45
VIRGIN MEDIA:	12.93	0.04	OPENTV:	1.18	0.00
WASH POST:	663.86	(13.11)	PHILIPS:	37.27	(0.46)
<b>PROGRAMMING</b>					
CBS:	23.20	0.66	RENTRAK:	13.80	0.13
CROWN:	4.64	0.00	SEACHANGE:	7.06	(0.21)
DISCOVERY:	22.96	0.72	SONY:	45.94	0.02
EW SCRIPPS:	45.08	0.50	SPRINT NEXTEL:	8.08	0.30
GRUPO TELEVISA:	25.04	(0.18)	THOMAS & BETTS:	40.59	(0.41)
INTERACTIVE CORP:	20.46	0.04	TIVO:	8.41	(0.05)
LIBERTY:	1.00	0.00	TOLLGRADE:	4.99	(0.03)
LODGENET:	5.91	0.16	UNIVERSAL ELEC:	26.10	0.06
NEW FRONTIER:	5.04	(0.02)	VONAGE:	1.95	(0.05)
OUTDOOR:	7.46	(0.02)	WEBB SYS:	0.04	0.00
PLAYBOY:	8.48	(0.08)	YAHOO:	27.36	0.93
TIME WARNER:	15.27	0.16	<b>TELCOS</b>		
UNIVISION:	36.23	0.00	AT&T:	38.59	0.29
VALUEVISION:	5.36	(0.02)	QWEST:	5.15	0.23
VIACOM:	38.94	0.40	VERIZON:	38.21	0.26
WWE:	17.86	0.27	<b>MARKET INDICES</b>		
<b>TECHNOLOGY</b>					
3COM:	2.34	0.04	DOW:	12831.94	(39.81)
ADC:	14.01	0.37	NASDAQ:	2426.10	1.70
ADVANTAGE:	3.78	0.02			
ALCATEL LUCENT:	7.06	0.22			

Television plugs into the wall.  
Univision plugs into a culture.



www.univision.com

UNIVISION | TELEFUTURA | GALAVISION

beating aids is going to take creativity. yours.



youth aids media institute  
the world is watching.

made possible by a generous grant  
from motorola foundation



The Cable Positive Youth AIDS Media Institute (YAMI) is an innovative collaboration with the Motorola Foundation, empowering youth to lend their voices and creativity to the fight against HIV/AIDS. To find out how you can help to expand the reach of this ground-breaking initiative please contact Thomas Henning at [thenning@cablepositive.org](mailto:thenning@cablepositive.org).