

CableFAX Daily™

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What the Industry Reads First

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McSlarrow's Tauke: NCTA Chief Wants Congress to Revamp FCC

NCTA pres/CEO *Kyle McSlarrow* has often called for deregulation and criticized the FCC, but it's not every day we hear him praise a telco. As the NCTA chief put forth ideas for shaping new telecom law at Tues' **Media Institute** lunch in DC, he also thanked **Verizon** lobbyist *Tom Tauke*, "who injected the concept of 'new wire, new rules' into the policy debates." (Don't misread that though: he was still quite clear that the new rules should apply to all providers). McSlarrow spent much of his speech calling for an overhaul of the FCC, endorsing a proposal by think tank **Progress & Freedom Foundation** arguing that the Commission should be more like the **FTC**. "The FCC would have authority to intervene in the marketplace only if it determines that marketplace competition would not adequately protect consumers against unfair methods of competition or deceptive practices," he said, quipping that "this is not your father's cable industry—unless, of course, your father is *Brian Roberts*." Another one of his catchy lines: The FCC is an agency "where the trivial metastasizes into the burdensome." McSlarrow said he wasn't calling the current regime a "disaster," but he argued that the rules have become outdated. "We have an agency that seeks more regulatory authority rather than less," he said. "And, instead of focusing on how to unleash new technologies that would benefit consumers, we find the FCC asking and answering the same questions over and over again, often in cable's case, involving the provisions found in one statute passed in 1992." Asked about FCC chmn *Kevin Martin's* promise at last week's Cable Show to give the industry a fair hearing, McSlarrow said "I take him at his word." And as for the chmn's recent letter to House Telecom chmn *Ed Markey* (D-MA) asking that any junk food TV ad crackdowns be extended to cable, McSlarrow said the industry should take responsible steps to avoid having people choose between "respecting the 1st Amendment and protecting children."

Competition: **DirecTV** may test delivering HSI service over power lines in a major US city over the next year, pres/CEO *Chase Carey* said Mon at a **Reuters** media summit. Carey also said the satcaster has looked at WiMax technology to deliver the service and that a partnership with **EchoStar** for a broadband initiative is still a possibility.

NFL Shuffle: As promised, **Comcast** has started notifying subs that it will move **NFL Net** to a sports tier. A message on the MSO's IPG informs digital customers that the net is being moved to the "Sports Entertainment Pack" and advises them to visit www.comcast.com/sportspack for more info. The terse message doesn't detail when the move will occur or that the package carries a \$5/month price tag. Last week, the NY Supreme Court ruled that Comcast's NFL agreement allows it to carry the net on a tier. NFL Net has filed an appeal.

DTV Doings: **CEA** pres *Gary Shapiro* tried to allay **NAB's** fears that digital converter boxes won't be ready for consumers. "Given our commitment to the DTV transition and our mutual promise to cooperate fully, we can assure you that every interested American will have access to a range of retail options to obtain a digital to analog converter box under

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the **NTIA** program,” Shapiro wrote in a letter to NAB pres/CEO *David Rehr* Tues. On Mon, Rehr expressed concern that the boxes won't be readily available by Jan 1, '08, when the gov't's converter subsidy program begins. Shapiro's letter did not promise availability by any specific date. More details on NTIA's box program are slated to be announced Aug 15.

Online: Disney-ABC TV Group plans to launch in July at **ABC.com** an HD channel that will stream feature network shows such as “Ugly Betty” and “Desperate Housewives” in high def. The online HD lineup, claimed by ABC to be the 1st of its kind from a major TV programmer, will expand when the network's new season begins in Sept. -- **ESPN** launched at **Espnradio.espn.go.com** its 1st downloadable video podcasts, which will also be offered soon via **iTunes**. The initial free podcasts include the “SportsCenter Minute” from **ESPN.com** and the “Big Finish” from ESPN series “Pardon the Interruption.” -- **MySpace Video** will launch in the coming months branded channels focused initially on news and lifestyle content. Current partners include **Nat Geo**, which will provide new eps of series “The Dog Whisperer” and “Naked Science,” and **Reuters**. -- **E!**'s “The Vine” broadband channel added a new short-form comedy clip series available on multiple platforms, including mobile devices.

Mobile: The deal-happy **Disney-ABC TV Group** announced another content pact, this time with **Sprint** to provide the MNO's customers with programming from ABC, **ABC News** and **Disney Channel**. Included are a linear channel with content from Disney Channel, on demand full-length eps of ABC series such as “Lost” and “Grey's Anatomy,” and newly-created linear mobile channel **ABC Mobile**.

VoIP: The cat's out of the bag. **Charter's** internal sales goal for VoIP is 1mln customers by year-end. The target was “inadvertently” shared at a recent meeting with analysts and investors in St Louis, the MSO said in a Tues **SEC** filing. The filing said the number is an internal sales goal only and shouldn't be considered guidance or a projection of actual results. At the end of 1Q, Charter had nearly 573K phone customers.

VOD: Disney is launching VOD channel **Disney Channel** on demand to **Time Warner Cable** and **Cablevision's** 9mln VOD HHs later this month in order to promote the Mouse's resorts and vacation packages. The channel is interactive, allowing viewers to request a phone call back from a Disney travel rep with the click of the remote. The MSOs will be compensated for leads generated from the VOD offering, said *Michael Mendenhall*, evp, global marketing for **Disney Parks & Resorts**. As for further distribution, “we're engaged [in talks] with other players,” he said. The programming mix includes specials and episodic series, such as a reality show following those who want to become performers at Walt Disney World Resort. Specials will be refreshed every 3-4 weeks; episodic series will have a slightly longer shelf life, Mendenhall said. TW launches the channel May 21 and CVC rolls it out May 29.

In the States: Comcast said it will replace **Microsoft's** digital cable programming guide in WA with an i-Guide it developed with Gemstar-TV Guide. The change satisfies the MSO's goal to provide a consistent user experience, said a spokesperson, as the WA market was the only 1 using disparate software. The new service is expected to roll out Jun 5 in Spokane, with the remainder of the state to receive it in Sept. New features will include the ability to watch 6 channels on the screen at once, with caller ID on the TV screen coming later. -- **Cablevision's** business broadband service provider **Optimum Lightpath** launched its Voice over Metro Ethernet service, the 1st such service to be offered by a cable MSO and powered through collaboration with **NEC** and **Cisco**. Purported benefits of the phone service include increased

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functionality, lower cost of ownership and more control over communications apps. -- **Buckeye CableSystem** will carry the **Big Ten Network** when it launches in Aug. The MSO serves approx 150K subs in OH and south-east MI. -- **Fox Sports en Español** added 500K households to its distribution lineup last year, bringing its reach to 4.5mln Hispanic homes and 13mln overall, the net said Tues at its upfront presentation. Gains were strongest in Houston (+76%), NY (+36%) and Phoenix (+17%). The net also realized a 32% increase in ad sales last year.

What Da Ya Want?: DirecTV and EchoStar are really the best of the worst in the latest **American Customer Satisfaction Index**, which links customer expectations, perceived quality and perceived value to customer satisfaction. The satcasters received a score of 67, tops in the cable and satellite TV segment, which garnered an average score of 62. (That ranks last of any rated industry, including US airlines). **Cox** (63) was the top-rated cable op, followed by **Time Warner Cable** (58), **Comcast** (56) and **Charter** (55). Comcast (-6.7%) experienced the largest score drop versus last year, followed by DirecTV (-5.6%) and Time Warner Cable (-4.9%). Cable was also pummeled in the fixed line phone service category, in which **Verizon** and **Qwest** excelled with a 72. Cox and **AT&T** each earned a 70, while Comcast notched a 67.

CableFAX Daily Stockwatch

Company	05/15 Close	1-Day Ch	Company	05/15 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMPHENOL:	34.21	(0.27)
BRITISH SKY:	50.37	0.02	APPLE:	107.52	(1.84)
DIRECTV:	23.55	(0.08)	ARRIS GROUP:	15.12	(0.21)
DISNEY:	35.94	(0.04)	AVID TECH:	32.71	(0.3)
ECHOSTAR:	47.74	(0.39)	BLNDR TONGUE:	1.65	(0.15)
GE:	36.64	0.04	BROADCOM:	32.08	(0.72)
HEARST-ARGYLE:	25.35	(0.24)	C-COR:	12.75	(0.01)
ION MEDIA:	1.41	0.00	CISCO:	26.13	(0.16)
NEWS CORP:	23.58	0.05	COMMSCOPE:	49.74	(0.42)
TRIBUNE:	32.93	0.00	CONCURRENT:	1.30	(0.01)
MSOS					
CABLEVISION:	35.29	(0.01)	CONVERGYS:	24.83	(0.13)
CHARTER:	3.61	(0.02)	CSG SYSTEMS:	26.99	0.01
COMCAST:	26.59	0.01	GEMSTAR TVG:	4.44	(0.02)
COMCAST SPCL:	26.26	0.03	GOOGLE:	458.00	(3.78)
GCI:	13.12	(0.19)	HARMONIC:	8.28	(0.18)
KNOLOGY:	18.21	(0.22)	JDSU:	13.33	(0.26)
LIBERTY CAPITAL:	115.12	(0.39)	LEVEL 3:	5.34	(0.08)
LIBERTY GLOBAL:	37.46	(0.22)	MICROSOFT:	30.90	0.03
LIBERTY INTERACTIVE:	24.26	(0.03)	MOTOROLA:	17.92	(0.24)
MEDIACOM:	8.75	0.04	NDS:	51.17	0.10
NTL:	28.22	0.00	NORTEL:	23.59	(0.22)
ROGERS COMM:	39.00	0.29	OPENTV:	2.23	(0.05)
SHAW COMM:	38.46	0.32	PHILIPS:	40.54	0.33
TIME WARNER CABLE:	36.92	0.24	RENTRAK:	15.00	(0.04)
WASH POST:	764.59	0.45	SEACHANGE:	8.68	(0.06)
PROGRAMMING					
CBS:	31.73	(0.14)	SONY:	52.70	(1.41)
CROWN:	6.14	(0.25)	SPRINT NEXTEL:	20.07	(0.3)
DISCOVERY:	22.54	(0.26)	THOMAS & BETTS:	54.48	0.04
EW SCRIPPS:	42.98	0.42	TIVO:	5.67	(0.45)
GRUPO TELEVISA:	28.64	(0.33)	TOLLGRADE:	11.15	(0.95)
INTERACTIVE CORP:	33.89	(0.53)	UNIVERSAL ELEC:	32.16	(1.48)
LODGENET:	32.01	(0.59)	VONAGE:	3.16	(0.19)
NEW FRONTIER:	8.84	(0.13)	VYYO:	6.70	(0.14)
OUTDOOR:	10.11	0.01	WEBB SYS:	0.05	0.00
PLAYBOY:	10.50	(0.12)	WORLDGATE:	0.63	(0.04)
TIME WARNER:	21.27	(0.11)	YAHOO:	28.81	(0.5)
UNIVISION:	36.23	0.00	TELCOS		
VALUEVISION:	9.98	(0.29)	AT&T:	40.39	0.36
VIACOM:	42.66	0.15	QWEST:	9.76	0.00
WWE:	17.83	(0.45)	VERIZON:	42.54	0.94
TECHNOLOGY					
3COM:	4.48	(0.19)	MARKET INDICES		
ADC:	17.67	(0.4)	DOW:	13383.84	37.06
ADVANTAGE:	4.28	(0.19)	NASDAQ:	2525.29	(21.15)
ALCATEL LUCENT:	13.40	(0.01)			
AMDOCS:	35.26	(0.45)			



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M.C. Antil's CableFolks

Blue Highways Founder Hitchcock An American Original

(Editor's Note: The following column ran in the Tues issue with the incorrect layout and photo. As a result, we are re-running it today with the correct information. We regret the error).

Malcolm Forbes once said the secret to getting rich is to find something you love and make a living at it. Then you can work all day long, day after day, and it never feels like work.

That's why, money and material passions aside, Blue Highways TV founder Stan Hitchcock is already a rich man.

He absolutely loves what he does.

An accomplished musician and a guy who is country through and through, Hitchcock grew up in an America that drank in honky tonks and went to barn dances on Saturday night. Folks praised God on Sunday, then all week long took the time for life's simple pleasures, like family, friends, good conversation around the dinner table, and playing music on the front porch.

It was an America not yet divided by red and blue, and an America whose soundtrack emanated not from the streets of far away cities, but from the hills and the fields. It was an America that grew its own, forged its own, mined its own, and made its own.

It was an America, frankly, that has all but disappeared. And that soundtrack, which had once been home to such legends as Bill Monroe, Ernest Tubb, Buck Owens and Patsy Cline, now finds itself populated by runway models and hunks in hats, all masquerading as country singers.

I couldn't help but notice at this year's Cable Show that, in addition to Blue Highways TV, there were networks like RFD TV, the Gospel Music Channel, and at least two others, all positioned to fill the void created by the



M.C. Antil

demise of TNN and the staggering distance between today's country music and its simple, rural roots.

At the show, I spent an hour or so at the Blue Highways booth talking and listening to Stan and his "VP of Artist Relations," Ronnie Reno. (Ronnie is the mandolin-virtuoso son of bluegrass legend Don Reno, who played for years with both the Osborne Brothers and Merle

Haggard & the Strangers.) And it was not lost on me that as I listened to them laugh and sing and play, amid all the glitz and glitter of Las Vegas, I was experiencing what was left of Stan Hitchcock's America slowly being swallowed by the one we've built to replace it.

I just wonder if this industry's MSOs have enough sense to read the tea leaves and see there are still millions of Americans out there who love the kind of music these networks showcase. Frankly, as much as I hate to say it, I doubt it.

It reminds me of the way the "O Brother" soundtrack shocked the record industry a few years back, or the way the Ronald Regan juggernaut a generation ago snuck up on all those pundits too focused on what was happening outside their office windows to realize there was a political storm brewing in the heartland.

I don't know if Blue Highways TV will make it, but I hope so. Not only do I love Americana, but I want to make visiting Stan, Ronnie and Denise an annual opportunity to retrace my musical roots; to retrace our musical roots. And I'll never get tired of hearing the story about how Stan and Denise met at a cable convention, had their first date at a second cable convention, and that when he proposed she was at yet a third cable convention.

But what I really love about the story is the kicker; that Stan sent the ring by FedEx, with the instructions on the work order that the FedEx delivery man get down on one knee when he gave Denise the package.

M.C. Antil can be reached at m.c.antil@att.net.

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