

# CableFAX Daily™

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What the Industry Reads First

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## Going National: Romney to Test Broad Cable Waters

MA Gov *Mitt Romney* could be the first Republican presidential contender to launch a truly national cable ad campaign. That word came from *Alex Castellanos* after his keynote luncheon speech Wed at the Broadcast Cable Financial Management conference taking place in Las Vegas this week. Presidential hopefuls traditionally have bought market by market, but Castellanos said national buys now make more sense in light of the number of primaries being held a very short time frame early next year. Castellanos, who buys time on behalf of Romney and was also a key ad mover-and-shaker with the *Bush-Cheney* campaign in 2004, also cited recent **Scarborough Research** data showing that Republicans are more likely to watch the **Golf Channel** and **Fox News** (and certain dayparts on **CNN**) as another reason to buy national (*Cfax*, 5/9). But he also pointed to research showing that “Democrats are watching a lot more TV than Republicans—about 15% more TV... We get less for our money.” On the flip side, Republicans and swing voters spend more time on the Internet. “It’s not hard to sell candidates on the new stuff. If you don’t walk in with some Internet component [in your campaign strategy], it’s not hip. But old media is what drives numbers,” he said. “Put a TV spot up for a couple of weeks and you see a change” in public opinion.

## Franchise Fracas: IL Appeals Court Say Yes to Franchise Fees for HSD

While the **FCC** has said cities can’t collect franchise fees on non-cable services, a smattering of municipalities continue to fight for more dollars. The latest spat is a blow to cable by an IL appellate court. In an order released this week, the court ruled that at least Cook County, IL, can collect a 5% franchise fee on cable modem revenue. It likely won’t be the end of the matter, with **Comcast** and **RCN** already talking about appealing. “The ruling is contrary to the opinions of 4 federal district courts that have previously ruled on nearly the identical question before the Illinois Court,” a Comcast spokeswoman said. After the FCC ruled in Mar ’02 that cable modem service is not a cable service and therefore not subject to franchise fees, Comcast, RCN and **WOW** stopped collecting the fees on HSD revenue. The City of Chicago soon filed a lawsuit. In overturning a lower court’s ruling, the appeals court said it can’t appeal a federal act, but it is “in a position to apply our own state law to a valid contractual agreement.” As for the Brand X case, in which the **US Supreme Court** affirmed the FCC’s decision that cable modem service is an information service as opposed to a cable service, the appeals court maintained that it doesn’t “resolve the matter of applicability of franchise fees to cable modem service.” *Richard Ramlall*, RCN svp, strategic and external affairs, estimated that the 5% fee would add \$1.35-\$3.50/month to broadband bills. “Consumers in Chicago will also clearly be harmed by the City’s actions,” he said. “If this decision stands, they will pay more for broadband than consumers in other cities.”

**BCFM Notebook:** Nielsen vp, sales and mktg *Kevin Ulisse* gave a timeline for the rollout of new measurement devices. If all goes as planned (and he added a big “if” to that), 3 services could roll out within 18 months: the so-



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called Go Meter, a cell phone with metering technology inside that measures out-of-home viewing; Solo meters, which look like a lipstick canister and fit into iPods and other portable devices so their usage can be measured; and a research product that will include Internet usage as part of standard People Meter measurement. But in another session, **Franco Research Group** pres *Pamela Franco* noted that there could be some big hiccups as Nielsen introduces new products. She noted that HHs with local people meters will be asked to have their media usage tracked by 4 meters, not 1. And while Nielsen isn't making it mandatory for LPM households to carry all the devices, she questioned how many in the sample would agree to be tracked by all 4.

**Competition:** **DirecTV** continues to ramp its HD offerings, announcing a Sept launch for the HD versions of **Discovery Channel**, **TLC**, **Animal Planet** and **The Science Channel**, and for 5 **Starz** HD channels. In addition, the DBS op received from **Disney Channel** the exclusive rights to premiere the HD version of "High School Musical 2" (Aug 17). -- **AT&T** bowed to small emerging firms a "Complete Office Solution" service bundle, offering for a \$181/month base price unlimited local and nationwide calling, wireless service, HSI, unified messaging and a AT&T Real Yellow Pages listing.

**In the States:** Houston subs will see their cable company officially take the **Comcast** name on June 19. Comcast has been running the former **Time Warner Cable** system since Jan 1 following the dissolution of the 2 MSOs' TX-Kansas City partnership. But the MSO waited on marketing the system under its own name. -- **Charter** nationally deployed its wireless home networking service, offering to consumers a wireless connectivity package that includes installation, configuration, 24/7 customer service, and a high-speed security suite for up to 5 networked computers. The service may be added to Charter's HSD service for \$9.99/month. -- **Cablevision** added **Versus HD** and the **Golf Channel HD** to its digital lineup. The MSO also placed the standard def version of Golf Channel in its digital basic package, taking the net off its sports tier. -- **OEN** added **WCSN** to its Fision IPTV channel lineup in Houston. -- **Time Warner Cable** will add **ESPNU** to digital on Aug 31 in the Raleigh-Durham area, the *News & Observer* reports.

**State Franchising:** Following a 14-month app review, the **RI Div of Public Utilities and Carriers** granted **Verizon** approval to offer initial FiOS TV service to 80K homes in 7 state communities. -- The **TN Sen Cmrcce Cmte** approved Tues night a statewide video franchising bill, which now goes to the senate floor. A vote may come as early as Thurs.

**VOD:** How many people really are watching video on mobile devices? A joint measurement trial this summer by **Rentrak** and mobile entertainment provider **Hiwire** in Las Vegas may provide some answers. With mobile TV in its infancy, "Rentrak's involvement could enable it to create a much needed industry reporting standard," said **Oppenheimer's Thomas Eagan**. Hiwire is working with **T-Mobile** on the trial, which uses Rentrak's new "Mobile TV Essentials" monitoring tool. Data will include total viewers of linear video programming and linear video advertising watched on mobile phones. In a note to clients, Eagan said he expects the trial to result in market expansion for Rentrak similar to its VOD expansion.

**Gone Nuts:** Fans of canceled **CBS** drama "Jericho" have taken to flooding **TNT's** message boards with posts such as "Save 'Jericho'" and "Please pick up 'Jericho'—You Know You Want To." TNT reported just under 750 posts had hit its Website as of Tues afternoon. The chances of any cable net picking up cast off broadcast fare is remote, especially since "Jericho" is an in-house CBS/Paramount production. (None of the nets we've spoken to expressed any interest in it anyway). Still, it has been fascinating to watch fans react to the drama's cancellation in this digital age. According to a nut

\*Source: Nielsen Galaxy, Idol Tonight Premiere Telecasts only AA (000) 3/14 - 3/28/07 8P vs 3/14 - 3/28/06 7P. Live Stream

Wednesdays  
8p E / 7p C

**TV  
GUIDE  
CHANNEL**

**Idol Tonight is a hit with young viewers! Ratings up 96% among Adults 18-34.**

# BUSINESS & FINANCE

distributor, more than \$14K worth of nuts (10K+ pounds) have been mailed by fans to CBS execs, primarily in NY (<http://www.nutsonline.com/gericho>). Why nuts? The protest is a reference to the show's season finale in which Jericho was given a chance to surrender and said "Nuts!" (a shout-out to WWII Gen *Tony McAuliffe* that you history buffs will recognize). Fans claim to have raised nearly \$5K to take out an ad in *Variety*. "The Internet changes everything," said *Tim Brooks*, **Lifetime** research head and co-author of what's considered by many to be the bible of TV shows (a directory of primetime shows from 1946-present). "I suspect programmers are going to have to really listen to viewers more and more in the future."

**Programming: BBC America** acquired 2 new series: "Torchwood" (Sept) follows an investigative team that uses alien technology to solve crime, and "Hotel Babylon" (Aug) chronicles life inside a 5-star hotel. -- Hurricane-related programming is storming to **The Weather Channel** Jun 1-7, marking the official start of hurricane season with special eps of "Storm Stories" and live reports from New Orleans, Gulfport, and Pensacola on "Abrams and Bettes: Beyond the Forecast," "Evening Edition" and "Weekend View."

**People: Time Warner Cable** tapped *Kevin MacDermott* as svp, commercial ops. -- **MSG Media** named *Lewis Sherr* svp, marketing partnerships.

## CableFAX Daily Stockwatch

Company	05/23 Close	1-Day Ch	Company	05/23 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BROADCASTERS/DBS/			AMPHENOL:	35.27	0.04
BRITISH SKY:	51.01	(0.15)	APPLE:	112.89	(0.65)
DIRECTV:	23.53	(0.07)	ARRIS GROUP:	15.30	(0.47)
DISNEY:	36.48	0.21	AVID TECH:	33.67	0.11
ECHOSTAR:	48.87	0.44	BLNDER TONGUE:	1.75	0.00
GE:	37.60	0.26	BROADCOM:	31.30	0.38
HEARST-ARGYLE:	26.02	(0.26)	C-COR:	14.17	0.29
ION MEDIA:	1.43	0.01	CISCO:	25.97	(0.4)
NEWS CORP:	23.90	0.10	COMMSCOPE:	52.33	(0.45)
TRIBUNE:	33.01	0.00	CONCURRENT:	1.58	0.04
<b>MSOS</b>					
CABLEVISION:	35.77	0.37	CONVERGYS:	25.80	0.03
CHARTER:	3.92	0.02	CSG SYSTEMS:	27.58	0.09
COMCAST:	27.33	(0.03)	GEMSTAR TVG:	4.51	0.07
COMCAST SPCL:	27.02	(0.06)	GOOGLE:	473.97	(1.89)
GCI:	13.38	(0.12)	HARMONIC:	8.91	(0.09)
KNOLOGY:	18.16	(0.09)	JDSU:	13.22	0.03
LIBERTY CAPITAL:	117.70	0.38	LEVEL 3:	5.84	0.04
LIBERTY GLOBAL:	37.89	(0.11)	MICROSOFT:	30.58	(0.11)
LIBERTY INTERACTIVE:	24.04	0.05	MOTOROLA:	18.65	(0.27)
MEDIACOM:	9.04	0.09	NDS:	50.44	(0.42)
NTL:	28.22	0.00	NORTEL:	26.10	0.66
ROGERS COMM:	41.11	0.26	OPENTV:	2.27	(0.04)
SHAW COMM:	41.08	0.93	PHILIPS:	41.35	0.19
TIME WARNER CABLE:	38.40	(0.12)	RENTRAK:	15.75	(0.17)
WASH POST:	764.99	(1.01)	SEACHANGE:	8.95	(0.13)
<b>PROGRAMMING</b>					
CBS:	33.24	0.42	SONY:	58.06	(1.4)
CROWN:	7.11	0.43	SPRINT NEXTEL:	21.87	0.41
DISCOVERY:	23.20	(0.33)	THOMAS & BETTS:	57.32	1.21
EW SCRIPPS:	44.93	0.00	TIVO:	6.07	(0.06)
GRUPO TELEVISA:	30.14	(0.22)	TOLLGRADE:	11.11	(0.39)
INTERACTIVE CORP:	34.72	0.33	UNIVERSAL ELEC:	32.91	(0.33)
LODGENET:	36.01	0.05	VONAGE:	3.18	0.04
NEW FRONTIER:	8.60	0.09	VYYO:	5.99	0.02
OUTDOOR:	10.43	(0.07)	WEBB SYS:	0.05	(0.02)
PLAYBOY:	10.61	0.06	WORLDGATE:	0.48	(0.04)
TIME WARNER:	21.56	(0.04)	YAHOO:	28.61	(0.31)
UNIVISION:	36.23	0.00	<b>TELCOS</b>		
VALUEVISION:	10.25	0.18	AT&T:	40.41	(0.03)
VIACOM:	43.81	(0.11)	QWEST:	10.06	0.06
WWE:	17.95	(0.19)	VERIZON:	42.66	0.05
<b>TECHNOLOGY</b>					
3COM:	4.70	(0.08)	<b>MARKET INDICES</b>		
ADC:	18.14	(0.1)	DOW:	13525.65	(14.3)
ADVANTAGE:	4.86	(0.06)	NASDAQ:	2577.05	(10.97)
ALCATEL LUCENT:	13.90	0.24			
AMDOCS:	37.72	(0.09)			

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**CableFAX Daily**

# WHAT THE INDUSTRY READS FIRST.

## Think about that for a minute...

### Violent reaction

I doubt I'm the only one who talks back to my television set, engages in heated retorts with radio interviewers and their guests, or occasionally screams at my computer screen. I can't help it. I hear someone being interviewed or giving a speech, and what they're saying is so far off the mark it's painful. But the moderator or interviewer just lets it pass... I can't.

So when I hear the absolute absurdity of the "new" debate over violence on television, and calls for government control of both the airwaves and cable (I assume satellite and maybe books, too. Otherwise, our kids might see a copy of Joseph Heller's "Catch 22" at a neighbor's house... waaaay too much violence, and sex too) I just have to respond.



**Steve Effros**

There are going to be hearings. A bill is being drafted. The "moral" police,

whether focusing on violence or sex, are out in force. Yet none of them are really addressing the problem. They are simply calling for more government control and ignoring personal responsibility. If you do just a basic analysis of what they say they want and what is available today, you'll appreciate that what they should be doing is teaching people how to use what we already have, rather than demanding more problematic government intrusion.

So here's the scenario: you're watching your local Public Broadcasting station with your 7-year-old. A new series starts on "The Secret Files of the Inquisition." Violence? The most gruesome you can imagine, all done in the name of religion! So now what? Ban the show? Actually it was a highly informative and thought-provoking series. You could talk about it with your kid. Or you could change the channel, or turn off the television. You could set your V-Chip or cable box parental control to not even

allow those programs into your home.

No, none of that is sufficient, according to the moral police. They want the government to define programming that can only be shown during certain hours (forget that programming is no longer going to be on linear tracks, but available on demand, any time). They want the ultimate solution: a la carte! But wait, how would that work? Don't buy PBS? It's a "must carry!" Another of those great government rules.

And how would a la carte help the situation? If we were forced to go a la carte, people would have to select which channels they wanted when. And if they guessed wrong, they would then quickly try to "buy" the channel they suddenly wanted, or try to "cancel" the one that was showing a program they didn't approve of. So how would that work? Well, presumably the technology would develop to turn channels "on" and "off" instantaneously. They would cost more, of course, but then you could "set" your set to show you only the programs you wanted or approved.

Hey,... can't we do that now? It's called parental controls, and they already exist! So instead of all this nonsense, why don't those who decry violence (and/or sex) in the media spend their time and money—like the cable industry is—teaching others how to take control of their televisions through the means already available, rather than trying to write yet another law that is doomed to failure? I have no answer for that. But I sure would like to ask them that question when they testify, or are interviewed, or make their demands. I just never hear that (to me) obvious follow-up question!

I know. I'm sorry. I'm screaming.

*Steve*

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## WANT SOME PERSPECTIVE?

CABLE  NET