

CableFAX Daily™

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What the Industry Reads First

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Broadband Banter: Rankings, Data Take Front and Center

Hip-hip-hooray for FCC commish *Robert McDowell*, who gave one of the best descriptions we've heard of the flaws in an **Organization for Economic Co-operation and Development** report that ranks the US 15th in broadband penetration. Under the report's methodology, "even if all the OECD countries, including the US, enjoyed 100% broadband penetration of homes and businesses, our rank would fall to 20th," he told **Pike & Fischer's** Broadband Summit in DC. McDowell noted that the rankings don't take into account a country's population size or density. He compared states to some of the countries ahead of the US, noting that 43 states have a higher HH broadband adoption rate than all but 5 E.U. countries. NJ, which has a similar population density to 4th-ranked Korea, has 30 broadband subs per 100 residents vs Korea's 26. Alaska's 18.7 per 100 beats France's 17.7. "Predictions of doom and gloom almost always turn out to be wrong," McDowell said, declaring that a light regulatory touch is what will continue to spur growth. "Let's put recent studies and rankings in context, and tread cautiously before we embark upon a voyage that may take us down the road of regulatory stagnation." A hot topic in broadband discussions these days is improving broadband data, with Sen Commerce Chmn *Daniel Inouye* (D-HI) introducing data legislation and House Telecom chmn *Ed Markey* (D-MA) drafting a broadband mapping bill. These broadband mapping initiatives have had good buy-in from virtually all industry segments, as long as commercially sensitive information is protected from competitors. **Cox's** vp public policy *Sandy Wilson* said she believes there's a regime that can come up with more data than is available today and still protect companies. **Verizon** svp, public policy *Kathryn Brown* also supports collecting data but cautioned that it needs to be done with a clear focus. "If we get off on collecting data to collect data, it's going to cost a lot of money, and it's going to collapse," she said. "We need to keep in mind what this about—to get a solution."

Krone Leaving: NCTA is losing EVP *David Krone*, the trade assoc's top Democratic lobbyist. Krone told NCTA's board Thurs morning he plans to step down Oct 1 to take some time off to pursue other opportunities. "I have no idea where I'm going and no idea what I'm going to do," he said. "I just know it's time." With a Democratic Congress in place, his departure leaves empty a key post that Republican pres/CEO *Kyle McSarrow* will have to fill. There are strong Dems in NCTA's ranks, including svp, govt relations *Steve Vest*, but some expect McSarrow to look outside the assoc for a high profile name to fill the EVP post. Of course, McSarrow told us that specifics of the search process, including to what degree it will focus on outside candidates, remains undetermined. The good news: there are no telecom bombshells on the agenda like last year's pro-telco telecom legislation that Krone helped avert. "I feel that I'm leaving the industry in a good place," said Krone. "I'm eager to try some new things but will always treasure the time I've spent at NCTA." By all accounts, Krone and McSarrow were close. "I've enjoyed with David one of the best relationships of my professional life. He's been my alter ego and has made a tremendous contribution to our advocacy on public policy," McSarrow said.

A WORD OF THANKS.

**GSN THANKS OUR AFFILIATES FOR SUPPORTING THE
NATIONAL VOCABULARY CHAMPIONSHIP
AND HELPING STUDENTS MAKE THEIR ACADEMIC
DREAMS COME TRUE.**



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Striding Right: While not yet ready to perform at the level of **Time Warner Cable's** legacy systems, troubled markets L.A., Dallas and others acquired by the MSO last year are farther down the road to recovery than previously expected. "We are well along in bringing them up to our standards," said pres/CEO *Glenn Britt* at a **Merrill Lynch** conference. System upgrades will likely be completed by year's end (after roughly 17 months of work), at a cost of \$450-\$550mln, he said. That's a material improvement over initial estimates of \$500-\$650mln in spending and a 24-30-month timetable. More work is still required for L.A. and Dallas where "voice [service] is almost non-existent" and **AT&T** has come out swinging, said Britt. The telcos are "very intelligently going where we don't have a triple-play," he said. Britt also touted a pair of technologies in the offing to complement the MSO's "Start Over" service. "Look Back" will allow users to rewind programming through a longer window than "Start Over" offers, and "Catch Up" will allow fans of certain series to access past eps via a drop-down menu prior to watching a new edition. -- Also at the conference, Time Warner CEO *Richard Parsons* said the company will evaluate **AOL's** new business model over the next few months and decide on its future by year's end. Parsons also said that Time Warner Cable could become a completely separate business within 5 years.

Net Neutrality: Rep *Rick Boucher* (D-VA) wants to pass USF reform and introduce legislation that would let local govts launch telecom services, but he's worried that telecom issues may have a hard time gaining passage until network neutrality is settled. "I'm afraid that those issues will be blocked until we resolve the net neutrality debate," Boucher told **Pike & Fischer's** Broadband Summit in DC. But there's no telecom legislation that could match the momentum of last year's video franchise bill, which became a vehicle for net-neutrality provisions, said *Chris Murray*, legislative counsel for the **Consumers Union**. In fact, Boucher said he's offered to have his office serve as a possible mediator, but no one has taken him up on it—perhaps, he acknowledged, because he chairs the Energy & Air Quality subcmte instead of Telecom. "Somebody needs to be a mediator," he said, adding that it's "critical" that the debate be resolved. In a another panel, *Jeffrey Campbell*, **Cisco's** dir of technology and communications policy, embraced the lull, noting that the net neutrality fight is in "a pretty nice area of stasis right now, and it would be a pretty good place to stay." -- Like cable, Boucher isn't happy with the Dept of Agriculture's RUS loan program (**Cfax**, 6/7). He wants the Farm Bill to correct "obvious problems" with the grants for broadband service, but he didn't elaborate.

DTV Doings: The **FCC** announced several citations Thurs against retailers for not having the proper consumer alert labels on TVs that only have analog tuners. The FCC's crackdown targeted Websites, with **CompUSA**, **Kmart**, **RadioShack**, **Best Buy**, **Circuit City** and **Target** receiving citations. The companies weren't fined but were warned that a subsequent violation could result in a fine of up to \$11K for each violation or each day of a continuing violation (up to \$97,500 per a single continuing violation). The warning labels inform customers that a converter box will be needed after Feb 17, '09 to receive over-the-air broadcasting. The FCC's field offices began issuing citations for failure to comply with the labeling requirement on May 30.

Competition: **DirecTV** said it will now air live content surrounding the professional video gaming league **Championship Gaming Series** when it kicks off Jul 9. The league, a partnership between the DBS op and **IGN** that counts **Best Buy** and **Fox Interactive Media** as sponsors, was originally slated to be videotaped and aired later. Preseason action commences Sat on DirecTV's The 101. -- **Qwest** renamed its HSD service "Qwest Broadband," and added enhancements including a single-letter domain name, q.com, and a partnership with **Microsoft** to offer "Windows Live." -- **Di-**

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BUSINESS & FINANCE

recTV will roll out Thurs interactivity surrounding the US Open golf championship. The DBS op will supplement ESPN's early-round event coverage and offer fans access to 4 channels on 1 screen through a "US Open Mix" channel. Included will be ESPN's national telecast, featured groups and featured holes, player interviews and highlights. -- **DirectTV** opened a new operations hub in Denver, where 1K will be created in sales and service support.

People: FX promoted *John Varvi* to svp, on-air promotions.

Business/Finance: Pali Research upgraded the **Mediacom's** stock to 'neutral' from 'sell,' and also posited an interest by Mediacom to acquire the remaining assets of **Insight**. Pali said that despite the MSO's slower growth prospects and weaker clustering relative to its peers, "we are increasingly hard pressed to find a major catalyst that will drive down MCCC shares." -- **Pali Research** raised its '08 estimates for **Discovery Holdings** and increased its price target on Discovery shares to \$28.50 from \$25.50. It cited tangible improvement in ad sales because of ratings strength and reductions in retail/education costs (think the closing of all branded retail posts). "Discovery is one of the few cable network companies that can truly exploit their content globally without having to create significant amounts of local programming," said Pali in a research note.

CableFAX Daily Stockwatch

| Company | 06/07 Close | 1-Day Ch | Company | 06/07 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| BROADCASTERS/DBS/MMDS | | | | | |
| BRITISH SKY: | 50.54 | (1.43) | AMPHENOL: | 34.78 | (0.72) |
| DIRECTV: | 22.34 | (0.44) | APPLE: | 124.07 | 0.43 |
| DISNEY: | 34.26 | (0.65) | ARRIS GROUP: | 15.27 | (0.36) |
| ECHOSTAR: | 45.15 | (0.17) | AVID TECH: | 33.41 | (0.16) |
| GE: | 36.76 | (0.53) | BLNDER TONGUE: | 1.55 | 0.03 |
| HEARST-ARGYLE: | 25.89 | (0.17) | BROADCOM: | 30.11 | (0.69) |
| ION MEDIA: | 1.44 | (0.01) | C-COR: | 14.23 | (0.52) |
| NEWS CORP: | 23.78 | (0.22) | CISCO: | 25.85 | (0.75) |
| TRIBUNE: | 31.67 | (0.14) | COMMSCOPE: | 52.61 | (0.71) |
| MSOS | | | | | |
| CABLEVISION: | 35.60 | (0.28) | CONCURRENT: | 1.87 | (0.03) |
| CHARTER: | 3.84 | (0.12) | CONVERGYS: | 25.00 | (0.39) |
| COMCAST: | 26.18 | (0.61) | CSG SYSTEMS: | 26.54 | (0.61) |
| COMCAST SPCL: | 26.10 | (0.56) | GEMSTAR TVG: | 4.43 | (0.11) |
| GCI: | 12.65 | (0.2) | GOOGLE: | 515.06 | (3.19) |
| KNOLOGY: | 18.03 | (0.29) | HARMONIC: | 8.49 | (0.23) |
| LIBERTY CAPITAL: | 114.17 | (0.42) | JDSU: | 12.51 | (0.08) |
| LIBERTY GLOBAL: | 37.23 | (0.48) | LEVEL 3: | 5.57 | (0.08) |
| LIBERTY INTERACTIVE: | 23.79 | (0.36) | MICROSOFT: | 29.62 | (0.67) |
| MEDIACOM: | 9.51 | (0.31) | MOTOROLA: | 17.69 | (0.44) |
| NTL: | 28.22 | 0.00 | NDS: | 49.40 | (0.31) |
| ROGERS COMM: | 40.54 | (0.55) | NORTEL: | 25.77 | (0.32) |
| SHAW COMM: | 42.21 | (0.61) | OPENTV: | 2.21 | (0.1) |
| TIME WARNER CABLE: | 37.68 | (0.46) | PHILIPS: | 40.55 | (0.99) |
| WASH POST: | 768.70 | (0.06) | RENTRAK: | 14.97 | (0.2) |
| PROGRAMMING | | | | | |
| CBS: | 32.59 | (0.42) | SEACHANGE: | 8.04 | (1.07) |
| CROWN: | 7.16 | 0.04 | SONY: | 54.76 | (0.92) |
| DISCOVERY: | 23.10 | (0.35) | SPRINT NEXTEL: | 21.85 | (0.77) |
| EW SCRIPPS: | 45.73 | (0.21) | THOMAS & BETTS: | 55.65 | (1.16) |
| GRUPO TELEVISA: | 26.84 | (0.78) | TIVO: | 6.02 | (0.13) |
| INTERACTIVE CORP: | 33.17 | (1.03) | TOLLGRADE: | 11.14 | (0.16) |
| LODGENET: | 31.74 | (1.96) | UNIVERSAL ELEC: | 31.89 | (0.74) |
| NEW FRONTIER: | 8.63 | (0.06) | VONAGE: | 2.90 | (0.13) |
| OUTDOOR: | 9.92 | (0.15) | VYYO: | 6.16 | 0.01 |
| PLAYBOY: | 10.77 | (0.18) | WEBB SYS: | 0.05 | 0.00 |
| TIME WARNER: | 20.45 | (0.32) | WORLDGATE: | 0.51 | (0.05) |
| UNIVISION: | 36.23 | 0.00 | YAHOO: | 26.98 | (0.46) |
| VALUEVISION: | 10.77 | (0.28) | TELCOS | | |
| VIACOM: | 42.95 | (0.36) | AT&T: | 39.52 | (0.86) |
| WWE: | 17.72 | (0.17) | QWEST: | 9.77 | (0.38) |
| TECHNOLOGY | | | | | |
| 3COM: | 4.47 | (0.21) | VERIZON: | 42.59 | (0.33) |
| ADC: | 17.32 | 0.03 | MARKET INDICES | | |
| ADVANTAGE: | 4.55 | (0.27) | DOW: | 13266.73 | (198.94) |
| ALCATEL LUCENT: | 13.10 | (0.39) | NASDAQ: | 2541.38 | (45.8) |
| AMDOCS: | 37.47 | (1.04) | | | |

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

ThINKing Young

It's unlikely that many high-profile cable execs such as **Discovery Comm** pres/CEO *David Zaslav* have a tattoo, but would it be a big surprise if corner offices everywhere were colored by ink? Not likely, since skin art has effectively bled into the mainstream over the last decade, especially in warm climates such as FL, NV and southern CA. It comes as little shock, then, that **TLC's** "Miami Ink," which kicks off its 3rd season Tues (10pm), ranks among the net's top 5 series in viewership through May. "The minute the show launched, it struck the tattoo community with authenticity," said TLC svp, programming and development *Christian Drobnyk*, who also noted compelling characters, amazing artistry and emotional storytelling as key reasons for the show's success. Whether by all these reasons or a combination, lured to the series' South Beach shop are viewers with a median age in the low 30s—the lowest for the net—and comprised of half men, half women. "This is a community of people that lends a coolness that we really enjoy and offers a strong new media proposition as well," said Drobnyk. This season, the show's main characters are bogged down by marital woes, health problems and other business endeavors while the all-important clientele remains as eclectic as tattoos from around the world. Slated for ink are a Satanist, a blind actor and an 80-year-old woman seeking her first piece. "There's a great element of story that makes the meat of every tattoo," said Drobnyk. It's true: ask most anyone about their skin art and you'll receive a very personal account of origin, experience, etc. So many, in fact, that TLC has commenced production for "L.A. Ink" with *Kat Von D.*, a former cast member of the original. While the success of the franchise's West Coast endeavor isn't inked in stone, colorful personalities and tattoos are definite. *CH*

Obit: "The Sopranos," Sun, 9pm, **HBO**. The biggest no-brainer must-see on dramatic TV since the Who Shot J.R.? ep or the "M*A*S*H" finale. We've been deluged with emails asking if we know the ending. Sorry. HBO's security is better than Ft Knox. Among the obvious: Tony sings like a soprano and heads to witness protection; enmeshed in a bloodbath, Tony takes his own life; it was all just a dream; and Paulie betrays Tony and Phil but emerges like a cockroach after a nuclear attack, and is the lone survivor. *SA*

Highlights: "Rescue Me," 10pm, Wed, **FX**, and "Big Love," Mon, 9pm, **HBO**. We missed these series, which are leaving their regular nights but aren't losing their edge. In fact, the early eps for both were stellar. Sex is important to both. Don't miss Tommy calling the kettle black with his 18-year-old daughter on "Rescue." And as if Bill hasn't enough trouble, he's expanding the trio to a quartet. *SA*

Worth a Look: "John From Cincinnati," Sun, 10pm, **HBO**. Huh? I had no idea what was going on during "Carnivale," but I was patient and was rewarded. "John" makes Carnivale seem like "Little House on the Prairie." But *Ed* "Al Bundy" *O'Neill* makes it watchable. — "The Tudors," season finale, Sun, 10pm, **Showtime**. Still good to be king. *SA*

| Basic Cable Rankings (5/28/07-6/03/07) Mon-Sun Prime | | | |
|--|------|-----|------|
| 1 | TNT | 2.7 | 2503 |
| 2 | USA | 2.5 | 2313 |
| 3 | DSNY | 1.9 | 1747 |
| 4 | ESPN | 1.7 | 1646 |
| 5 | LIFE | 1.4 | 1308 |
| 6 | TBSC | 1.3 | 1204 |
| 7 | TOON | 1.2 | 1112 |
| 8 | A&E | 1.1 | 1051 |
| 8 | FOXN | 1.1 | 1032 |
| 8 | SPK | 1.1 | 1013 |
| 8 | NAN | 1.1 | 995 |
| 12 | CMDY | 1 | 967 |
| 12 | MTV | 1 | 962 |
| 12 | DISC | 1 | 947 |
| 12 | CORT | 1 | 903 |
| 12 | HGTV | 1 | 902 |
| 12 | HALL | 1 | 859 |
| 18 | HIST | 0.9 | 885 |
| 18 | AMC | 0.9 | 855 |
| 18 | SCIF | 0.9 | 850 |
| 21 | FX | 0.8 | 770 |
| 21 | TLC | 0.8 | 736 |
| 21 | FAM | 0.8 | 709 |
| 21 | TVLD | 0.8 | 703 |
| 25 | FOOD | 0.7 | 663 |
| 25 | CNN | 0.7 | 649 |
| 27 | VH1 | 0.6 | 596 |
| 27 | LMN | 0.6 | 326 |
| 29 | BET | 0.5 | 462 |
| 29 | BRAV | 0.5 | 445 |
| 29 | EN | 0.5 | 437 |
| 32 | APL | 0.4 | 412 |
| 32 | ESP2 | 0.4 | 385 |
| 32 | MSNB | 0.4 | 380 |
| 32 | TTC | 0.4 | 351 |
| 32 | SOAP | 0.4 | 273 |
| 32 | OXYG | 0.4 | 262 |
| 38 | HLN | 0.3 | 274 |
| 38 | WGNC | 0.3 | 237 |
| 38 | TWC | 0.3 | 236 |
| 38 | TVGC | 0.3 | 233 |
| 38 | NGC | 0.3 | 224 |
| 38 | VS | 0.3 | 221 |
| 38 | CMT | 0.3 | 220 |
| 38 | TDSN | 0.3 | 202 |
| 38 | GSN | 0.3 | 199 |

*Nielsen data supplied by ABC/Disney

CableFAX
databriefs



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