

CableFAX Daily™

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What the Industry Reads First

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Ready & Waiting: Dual Carriage Compromise Reportedly on the Way

With a little more than 200 days until the digital transition, the cable industry is anxiously awaiting an FCC order that would automatically exempt some smaller cable systems from rules requiring them to pass along must-carry broadcasters' digital SD and HD signals along with their analog signals post-transition. According to sources, the order has gone through some changes since first proposed by FCC chmn *Kevin Martin* in Apr, at ACA's DC Summit. The original plan would have only exempted systems that are 552Mhz and smaller from the FCC rules. **NCTA**, **Charter**, **Mediacom** and others have pushed to have systems with 5K subs or fewer included, telling the FCC that there may be too few customers to justify the additional costs necessary to carry digital signals. The commissioners appear ready to agree to an order that meets them halfway by providing an exemption for systems of 2,500 subs or fewer, sources said. One caveat: the order is expected to include a provision that requires systems qualifying for exemption to be owned by companies that have less than 10% of all cable subs. This requirement seems to be aimed at ensuring that the 2 largest US MSOs, **Comcast** and **Time Warner Cable**, aren't able to benefit from the exemption. No word on exactly when the FCC will vote on the dual carriage exemption, but it's expected to happen "soon." In other DTV transition news, ACA sent a letter to the FCC Tues formally registering its "strong support" of a petition to impose a quiet period between broadcasters and cable ops during the coming round of retrans consent negotiations, the goal being to prevent public confusion surrounding the coming Feb transition. NCTA has also voiced support of a quiet period that would prevent broadcasters from removing their signals from cable systems and require the parties to "maintain the status quo" for a short period of time. ACA has proposed that the quiet period be in effect until May 31. Following a Sen Commerce hearing last Oct, NCTA chief *Kyle McSlarrow* followed up with Sen *Jay Rockefeller* (D-WV) on questions about a quiet period. "It would not serve the public interest if consumers and cable operators were forced to contend with the potential or actual loss of broadcast stations at the same time as they were preparing for the digital transition," McSlarrow said in his written response. "And it would be a particularly odd result when cable operators are doing more to ensure carriage of broadcasters' signals."

Retrans Ruckus: ACA isn't cheering **Disney's** announcement that it will offer small cable ops free retransmission of the 10 **ABC** broadcast stations it owns and operates. Disney's offer, which applies to the 91 small ops in the 10 stations' markets, runs from '09-'11 and exempts the ops from a retrans fee or carriage of any other ABC/Disney affiliated network. "In Disney's mind, today's announcement may be an olive branch to smaller operators, but this is far too little relief for far too few operators," ACA pres/CEO *Matt Polka* said. "There should be no mistake—Disney's offer does little to change the broken retransmission consent regulations. Disney should not expect gratitude for lessening its abuse of the market, the system, or smaller operators." The independent cable operators' group continues to push for government reform of the retrans marketplace, with Polka claiming that Disney's offer is an admission that the process is broken. **NCTA**, which has

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not supported govt involvement, took a different stance. "We applaud Disney's announcement and believe that operators and broadcasters should continue to address these complex business issues through private marketplace negotiations," a spokesman said. Disney said its free retrans offer represents 91 of 113 operators (80%) in the O&O markets. "We are very pleased to support our smaller affiliates with this offer," said *Preston Padden*, Disney's evp, govt relations. "American Cable Association President Matt Polka, the ACA Board, and each of the FCC Commissioners deserve credit for raising the concerns that led our Company to adopt this new policy." The O&O stations are: WABC-TV in New York, KABC-TV in L.A., WLS-TV in Chicago, WPVI-TV in Philadelphia, KGO-TV in San Francisco, KTRK-TV in Houston, WTVD-TV in Raleigh-Durham, KFSN-TV in Fresno, WJRT-TV in Flint and WTVG-TV in Toledo.

TCA Notebook: Talk of a potential actors' strike in Hollywood reared its head at the first day of the **Television Critics Assn** tour in L.A. Tues, with former **SAG** pres *Ed Asner* expressing some skepticism. "The town has been terrorized this year," he said, referencing the earlier writers' strike that resulted in the cancellation of Jan's Television Critics Assn tour. "The actors don't have any more guts than the average person." **AFTRA's** crucial vote on a labor deal that **SAG** opposes took place Tues; results are expected this week. Echoing Asner, at TCA to promote his new Hallmark movie "Generation Gap," was fellow Hallmark actor *Tom Arnold* ("Moonlight & Mistletoe"). "There's not going to be a strike," he said, adding that people should stop fanning the flames and just work out a deal. "Nobody wants a strike. I wish the actors would just shut up." **SAG** is expected to respond Thurs to producers' "final offer." -- **HDNet** has *Dan Rather*, **Retirement Living** has *Walter Cronkite* and now **BBC America** has *Ted Koppel*, who will serve as a contributing analyst for the net's nightly newscast that also airs on **BBC World News**. -- **TV One** is planning live, nightly prime coverage of the Democratic Natl Convention (Aug 25-28), and will afterward feature "TV One Live: DNC Afterparty," providing African American cultural perspective on the events of the each day.

Cox Sports: **Cox** confirmed Tues its interest in attaining the local broadcast rights to the new OK City **NBA** franchise, formerly of Seattle (**Cfax**, 7/8). "Cox has a history of successful affiliations with professional sports teams in our markets...and we are interested in similarly leveraging our significant telecast and promotional capabilities in the Oklahoma City market for the mutual benefit of the Supersonics and our customers," said the MSO. Cox's sports net in LA, **Cox Sports TV**, counts partnerships with the **New Orleans Saints** and **New Orleans Hornets**, and is available to more than 1.5mln viewers in 4 states and televises more than 350 events/year. **4SD** is the local TV home of **MLB's San Diego Padres**, and also carries high school sports and news magazine shows.

Research: Traditional TV viewing (+4% to 126 hours/month), time-shifted TV viewing (+56% to 6 hours) and Internet use (+9% to 26 hours) all increased Y-over-Y in May per the avg American, according to **Nielsen**. The "small" number of Americans watching Internet and mobile video did so in May for a respective avg of more than 2 hours and more than 3 hours. The adults 65+ demo leads in avg monthly traditional TV viewing (178 hours), 25-34s lead in time-shifted viewing (9 hours), 35-44s lead in Internet use (38 hours), 18-24s lead in online video viewing (4 hours), and 12-17s lead in mobile video watching (5 hours). Other findings: One-quarter and 35% of US homes have a DVR and VOD, respectively; 119mln uniques viewed 7.5bln online video streams in May; and 91mln Americans own a video-enabled handset.

In the States: **Everest Broadband** has officially taken the name **SureWest**. SureWest bought the Kansas City-based provider in Feb. To celebrate the integration, SureWest is adding 18 new HD channels in the Kansas City



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* Source: Simmons National Consumer Study Fall 2005 vs. Fall 2007. Read: "The number of Adults 55+ who have a cable modem at home has grown +45% in the last 2 years, while Adults 18-54 show only 24% growth in this area."

BUSINESS & FINANCE

region over the next 30 days. -- Avail On Demand new affil lineup includes Clarksville Utilities, NuVision, FTC Diversified Services, LigTel, Guam Telecom Authority, Kentucky Telephone, and Lafayette Utilities System. Avail distributes content for partners including NBCU, Turner, MTVN and Fox Cable Nets.

People: TLC appointed Brent Willman CFO. -- WWE promoted Cheryl Kong to vp, marketing, Canada, Latin America and China. -- Our own Paul Maxwell has joined Secure Signals' advisory board.

Business/Finance: Time Warner Cable "represents the most compelling opportunity within our coverage universe," contends Sanford Bernstein analyst Craig Moffett, who's bullish on the MSO's forthcoming split from Time Warner and cable's near historically low valuations. Moffett also believes cable will soon gain basic subs from the DTV transition, achieve ad growth leading to the presidential election and continue to ramp SMB initiatives. As for TWC's impending spin, Moffett says it should be viewed positively, and not just because of the slated \$10.27/share special dividend. "A post-spin TWC would likely warrant a control premium to reflect what would then be genuinely independent investor ownership...and the company has indicated its expectation to announce share repurchases and/or a regular dividend relatively quickly post-spin."

CableFAX Daily Stockwatch

Company	07/08 Close	1-Day Ch	Company	07/08 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMDOCS:	29.49	0.91
BRITISH SKY:	35.11	0.42	AMPHENOL:	45.40	1.01
DIRECTV:	25.25	0.66	APPLE:	179.55	4.39
DISNEY:	29.95	(0.13)	ARRIS GROUP:	8.90	0.23
ECHOSTAR:	27.67	0.97	AVID TECH:	17.81	0.58
GE:	28.06	0.96	BIGBAND:	4.15	(0.24)
HEARST-ARGYLE:	19.49	0.37	BLNDER TONGUE:	1.12	(0.08)
ION MEDIA:	1.45	0.00	BROADCOM:	28.72	0.63
NEWS CORP:	14.97	0.34	C-COR:	11.00	0.00
MSOS					
CABLEVISION:	20.85	(0.15)	CISCO:	22.88	0.31
CHARTER:	1.07	0.04	COMMSCOPE:	50.53	0.36
COMCAST:	18.94	0.48	CONCURRENT:	0.63	0.00
COMCAST SPCL:	18.78	0.46	CONVERGYS:	15.00	0.22
GCI:	7.53	0.48	CSG SYSTEMS:	11.76	0.40
KNOLOGY:	10.76	0.51	ECHOSTAR HOLDING:	29.95	0.92
LIBERTY CAPITAL:	15.09	0.48	GOOGLE:	554.53	10.62
LIBERTY ENTERTAINMENT:	23.45	0.60	HARMONIC:	9.41	0.21
LIBERTY GLOBAL:	30.24	0.02	JDSU:	11.31	0.18
LIBERTY INTERACTIVE:	13.96	0.27	LEVEL 3:	2.78	0.13
MEDIACOM:	5.34	0.22	MICROSOFT:	25.85	(0.18)
SHAW COMM:	21.41	0.82	MOTOROLA:	7.33	0.23
TIME WARNER CABLE:	26.52	0.90	NDS:	58.43	1.02
VIRGIN MEDIA:	11.95	(0.1)	NORTEL:	7.46	0.32
WASH POST:	586.20	11.70	OPENTV:	1.48	0.09
PROGRAMMING					
CBS:	17.81	0.08	PHILIPS:	32.71	0.13
CROWN:	4.59	0.13	RENTRAK:	13.98	0.01
DISCOVERY:	20.52	0.13	SEACHANGE:	7.01	0.20
EW SCRIPPS:	3.32	0.24	SONY:	41.95	(1)
GRUPO TELEVISA:	23.00	0.07	SPRINT NEXTEL:	8.96	0.33
INTERACTIVE CORP:	18.38	0.52	THOMAS & BETTS:	35.58	0.46
LIBERTY:	46.63	1.40	TIVO:	6.44	0.38
LODGENET:	3.59	(0.5)	TOLLGRADE:	4.46	(0.2)
NEW FRONTIER:	3.38	(0.1)	UNIVERSAL ELEC:	20.85	1.62
OUTDOOR:	6.82	0.28	VONAGE:	1.60	0.05
PLAYBOY:	5.09	0.31	WORLDGATE:	0.30	0.00
RHI:	12.00	(0.96)	YAHOO:	24.64	0.73
SCRIPPS INTERACTIVE:	40.80	0.60	TELCOS		
TIME WARNER:	14.35	(0.14)	AT&T:	32.96	0.68
VALUEVISION:	3.30	0.22	QWEST:	3.88	0.05
VIACOM:	29.08	0.12	VERIZON:	35.36	0.36
WWE:	15.68	0.35	MARKET INDICES		
TECHNOLOGY					
3COM:	2.10	0.20	DOW:	11384.21	152.25
ADC:	14.47	0.48	NASDAQ:	2294.42	51.10
ADVANTAGE:	2.75	0.04			
ALCATEL LUCENT:	5.74	(0.02)			

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THE MAGAZINE



*is proud to announce the
2008 Selections of Top Operators*



WOW! Independent Operator of the Year In partnership with ACA and NCTC & **Insight Communications as MSO of the Year**

Honorees Celebrated in this Issue:

Independent System Exec of the Year: Amy Tykeson, BendBroadband

Independent Lifetime Achievement: Steve Weed, Wave Broadband

MSO Tech Innovation: Pragash Pillai, VP, Strategic Engineering, Bresnan Communications

MSO Lifetime Achievement: Ralph Roberts, Comcast

More category winners announced in the CableFAX: The Magazine Top Ops Issue

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We invite you to celebrate your most important partners' success and your achievements with a congratulatory or brand ad, in the July Issue of the Magazine.

Call us for a full list of all the honorees, as there may be additional clients that are important for you to consider in a congratulatory ad.

If you have any questions, please let us know. We look forward to working with you.

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