

# CableFAX Daily™

Monday — August 3, 2009

What the Industry Reads First

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## En'Gauge'ing: Suddenlink Gives NM Subs Broadband Usage Meter

When it comes to consumption-based billing for broadband, smaller cable ops may be the pioneers. **Time Warner Cable's** attempt earlier this year to expand testing was met with major resistance, but independent op **Sunflower Broadband** has been using the model for about 4 years. When TWC announced that it was shelving the consumption-based test, it pledged to roll out a bandwidth usage gauge for all TWC subs so they can better understand how much they use. A spokesman said the MSO is still working on the meter, but Suddenlink rolled out its own gauge in Clovis, NM, in June. "Our guys know their communities really well and can talk to everybody in the community, whether that's regulators or the customer base they have," said **NCTC** chief *Jeff Abbas*. "It is possible to explain to rational people that bandwidth is a finite resource. The more local you are, the greater your ability to do that, I think." **Suddenlink** svp, corporate comm *Pete Abel* stressed that his company's meter launch in NM should not be interpreted as a precursor to consumption based billing. "This test has nothing to do with caps or usage limitation whatsoever," he said. And unlike what some of the larger operators have seen, Abel reports that customers have provided no negative feedback (it did get some heated responses on BroadbandReports.com, but Abel responded and said no subs followed up with him and there have been no local complaints). Instead of bandwidth caps, Suddenlink is hoping to educate customers about their data usage; give subs a chance to monitor their usage, if they so choose; and to learn more about the causes of very high usage. In July, Suddenlink started sending out letters to NM subs who are using 2-3 times the avg bandwidth for their tier of service, just alerting them of their usage and providing 8 steps to secure the computer (because sometimes unknown viruses, malware, etc are the culprits). Out of several thousand homes, the MSO only ended up sending about 4 letters in the 1st week to high users. There are plans to launch the meter in other markets eventually, but Suddenlink informs customers on its Website FAQ that consumption-based billing is not part of its "current plan" ([www.suddenlink.com/usage/faq](http://www.suddenlink.com/usage/faq)). "And it may never be part of the plan," said Abel. "We are definitely not at the point where we're convinced that setting caps is the only way to go or that it's the necessary way to go. Those who are using exponentially higher-than-avg bandwidth are a relatively small base of customers, so if you get into rolling out caps, you would have to explain it to the 99.9% of customers that it's completely irrelevant to." When it comes to this lightning rod, keep your eye on the skies in smaller ops' footprints.

**On the Hill:** Reps *Ed Markey* (D-MA) and *Anna Eshoo* (D-CA) introduced the Internet Freedom Preservation Act, a net neutrality bill that would, among other things, require ISPs not to block, discriminate against or degrade Internet access. It would also stop cable ops and other ISPs from selling any offering that prioritizes traffic over other providers's services.

**At the Portals:** *Meredith Attwell Baker* was sworn into office as an **FCC** commissioner Fri afternoon. "I look forward to rolling up my sleeves and working on policies and programs that will help build a 21st Century communications infrastructure than can provide sustained economic growth, opportunity and prosperity for the nation, and for all telecommunications us-

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Source: BETA 2008 Cable Operator Carriage Study, Ranked among all measured emerging and mid-sized cable networks among non-affiliates "very/fairly interested in carrying channel by end of 2009"

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ers," Baker said in a statement. Her Democrat counterpart *Mignon Clyburn* will be sworn in during a ceremony in Columbia Mon morning. Clyburn will be the 1st African American woman and 1st South Carolinian to serve as an FCC commish.

**Ad Bottom?** If 3 establishes a trend, think of the cable TV ad market as treading water—and cable programmers as under continuing scrutiny. Late Thurs, **Disney** joined **Time Warner** and **Viacom** in saying the worst of the economic downturn is over but noting few signs of positive momentum yet. "We don't see any dramatic shifts" in the current Q's ad market, said CFO *Tom Staggs*. There are "signs of stabilization overall in the businesses but... it's a little early for us to call signs of a recovery, or to make any predictions about the pace of that." As **ESPN** continues to experience ad softness, investors sent Disney shares tumbling 4% Fri to end the week off 6%. Plus, **JPMorgan** downgraded the Mouse to 'underweight' from 'neutral.' Fellow programmers Time Warner (-3%) and Viacom (-3%) also endured a tough week on Wall St. Both yet to report on last Q, **Scripps Nets** and **Discovery Comm** were given room to surprise, each gaining 2% for the week.

**Cohen Chat:** Cable has "high hopes" for this **FCC** commission, **Comcast** evp *David Cohen* said in an interview with **C-SPAN's** "The Communicators" (airs Sat, 6:30pm ET, encores Mon on **C-SPAN 2** at 8am and 8:30pm). "You could say *Julius Genachowski* is the most qualified and prepared person ever to be named chmn of the FCC, with his business background, his previous FCC experience, his broad interest in telecom policy. We think he's going to be an outstanding chmn of the FCC," he said. What about net neutrality? "This is a place where I am actually extremely comfortable that we have Julius Genachowski as chair of the FCC because he has lived on the private side of this equation," Cohen said, noting that both the chmn and Comcast believe in an "open Internet" and network management. "The devil is in the details..." As for Congress, Cohen expects telecom issues to fall low on the agenda, and that's just fine with him. "Comcast's, and the cable industry in general's, view is that we don't need a lot of legislative help to accomplish our objectives," he said.

**Carriage:** **RCN** launched **Ebru TV**, a multi-cultural English-language family net targeting Americans with Eastern European, Central Asian, North African and Near Eastern backgrounds.

**Earnings:** **The Washington Post** reported **Cable One** rev of \$187mln (+4%), operating income of \$40mln (-1%) and RGU growth of 2%. The MSO counts 1.41mln subs as of Jun 30, including 692K basic (-1% YOY), 228K digital (+1%), 386K HSD (+7%) and 100K voice (+16%). The company's broadcast rev fell 20%, its operating income 52%.

**Mobile:** Adding additional bite to its annual "Shark Week" programming stunt, **Discovery Channel** added a dedicated channel on the **FLO TV** mobile TV service. Running from Aug 1-14, the channel features 4 full-length programs.

**In the Courts:** A federal judge rebuffed **Fox News'** request for details about **Federal Reserve** loans made to companies affected by the economic crisis, ruling that related documents are shielded from the Freedom of Information Act because the 12 regional Fed banks aren't govt agencies. **Bloomberg** and the *NY Times* have similar suits pending, according to reports.

**July Ratings:** Each enjoying a thrust from originals, **USA** (2.4/2.35mln) and **Disney Channel** (2.2/2.14mln) finished a respective 1st and 2nd in Jul prime ratings while Disney boasted a 19% YOY monthly gain in total viewers. USA's corresponding numbers were flat, but the net posted 7 of July's top 20 cable programs. **TNT** (1.9/1.88mln) notched 3rd with fuel from **NASCAR** and "The Closer," and **Fox News** followed with a 1.7/1.61mln and delivered a 33% YOY jump in total Jul viewers despite having no programs in the month's top 80. **Nick at Nite** (1.3/1.31mln) completed the top 5 nets.

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### CableFAX Week in Review

Company	Ticker	7/31 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
BRITISH SKY:	BSY	36.36	6.00%	31.10%
DIRECTV:	DTV	25.90	1.20%	13.10%
DISH:	DISH	16.95	0.70%	52.80%
DISNEY:	DIS	25.12	(5.5%)	12.20%
GE:	GE	13.40	11.40%	(10.3%)
NEWS CORP:	NWS	12.02	4.10%	26.70%

Company	Ticker	7/31 Close	1-Week % Chg	YTD %Chg
<b>MSOS</b>				
CABLEVISION:	CVC	20.47	6.90%	23.90%
COMCAST:	CMCSA	14.86	3.40%	(10%)
COMCAST SPCL:	CMCSK	13.99	3.60%	(11.3%)
GCI:	GNCMA	6.85	(2.1%)	(15.3%)
KNOLOGY:	KNOL	8.60		66.70%
LIBERTY CAPITAL:	LCAPA	14.58	1.80%	209.60%
LIBERTY ENT:	LMDIA	27.97	1.70%	60.00%
LIBERTY GLOBAL:	LBTYA	20.95	3.40%	31.60%
LIBERTY INT:	LINTA	6.66	7.40%	113.50%
MEDIACOM:	MCCC	4.79	0.20%	11.40%
SHAW COMM:	SJR	17.53	0.80%	3.80%
TIME WARNER CABLE:	TWC	33.06		
VIRGIN MEDIA:	VMED	10.45	(6%)	113.40%
WASH POST:	WPO	451.50	10.70%	17.90%

Company	Ticker	7/31 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
CBS:	CBS	8.19	4.60%	2.40%
CROWN:	CRWN	2.03	5.20%	(28.8%)
DISCOVERY:	DISCA	24.50	2.10%	73.00%
EW SCRIPPS:	SSP	4.02	16.00%	82.30%
GRUPO TELEVISIA:	TV	18.09	0.30%	29.80%
HSN:	HSNI	10.13	(4.8%)	39.30%
INTERACTIVE CORP:	IACI	18.41	2.70%	16.90%
LIBERTY:	L	30.02	2.30%	6.90%
LODGENET:	LNET	4.66	15.60%	565.70%
NEW FRONTIER:	NOOF	2.10	(4.5%)	23.50%
OUTDOOR:	OUTD	7.58	1.10%	1.20%
PLAYBOY:	PLA	2.39	0.80%	10.60%
RHI:	RHIE	2.73	(3.5%)	(66.4%)
SCRIPPS INT:	SNI	32.28	2.40%	47.80%
TIME WARNER:	TWX	26.66	(3.3%)	21.70%
VALUEVISION:	VVTV	3.08	3.40%	833.30%
VIACOM:	VIA	24.68	(3.1%)	22.70%
WWE:	WWE	13.13	(0.8%)	34.70%

Company	Ticker	7/31 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
3COM:	COMS	3.77	3.00%	65.40%
ADC:	ADCT	7.28	(11.9%)	33.30%
ADVANTAGE:	AEY	1.93	4.90%	8.40%
ALCATEL LUCENT:	ALU	2.76	8.70%	28.40%
AMDOCS:	DOX	23.92	0.30%	30.80%
AMPHENOL:	APH	33.35	(3.9%)	39.40%
APPLE:	AAPL	163.39	2.10%	91.40%
ARRIS GROUP:	ARRS	12.18	(10%)	53.20%
AVID TECH:	AVID	12.25	(2.2%)	12.30%
BIGBAND:	BBND	5.49	1.50%	(0.5%)
BLNDER TONGUE:	BDR	1.90	20.30%	88.10%
BROADCOM:	BRCM	28.23	3.80%	66.30%
CISCO:	CSCO	22.01	0.60%	35.00%

Company	Ticker	7/31 Close	1-Week % Chg	YTD %Chg
CLEARWIRE:	CLWR	8.10	2.40%	104.00%
COMMSCOPE:	CTV	25.60	(10.3%)	64.70%
CONCURRENT:	CCUR	5.42	1.90%	58.80%
CONVERGYS:	CVG	10.71	3.10%	67.10%
CSG SYSTEMS:	CSGS	16.68	18.80%	(4.5%)
ECHOSTAR:	SATS	14.74	(1.7%)	(0.9%)
GOOGLE:	GOOG	443.05	(0.8%)	44.00%
HARMONIC:	HLIT	6.93	12.90%	23.50%
INTEL:	INTC	19.25	(0.6%)	44.40%
JDSU:	JDSU	5.86	1.40%	58.70%
LEVEL 3:	LVLTL	1.23	(27.6%)	75.70%
MICROSOFT:	MSFT	23.52	0.30%	23.70%
MOTOROLA:	MOT	7.16	8.80%	62.80%
OPENTV:	OPTV	1.38	4.50%	12.20%
PHILIPS:	PHG	22.76	3.80%	23.80%
RENTRAK:	RENT	18.30	(4%)	55.20%
SEACHANGE:	SEAC	9.15	1.60%	26.90%
SONY:	SNE	27.96	10.20%	27.80%
SPRINT NEXTEL:	S	4.00	(11.5%)	118.60%
THOMAS & BETTS:	TNB	26.64	0.90%	10.90%
TIVO:	TIVO	10.25	(1.2%)	43.20%
TOLLGRADE:	TLGD	5.59	4.50%	16.90%
UNIVERSAL ELEC:	UEIC	21.11	0.20%	30.10%
VONAGE:	VG	0.42	2.40%	(36.4%)
YAHOO:	YHOO	14.32	(18.1%)	17.40%

Company	Ticker	7/31 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	26.23	6.30%	(0.8%)
QWEST:	Q	3.86	(3.3%)	14.80%
VERIZON:	VZ	32.07	4.70%	1.40%

Index	Value	% Chg	YTD %Chg	
<b>MARKET INDICES</b>				
DOW:	INDU	9171.61	0.90%	4.50%
NASDAQ:	COMPX	1978.50	0.60%	25.50%

### WINNERS & LOSERS

#### THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. BLNDER TONGUE:	1.90	20.30%
2. CSG SYSTEMS:	16.68	18.80%
3. EW SCRIPPS:	4.02	16.00%
4. LODGENET:	4.66	15.60%
5. HARMONIC:	6.93	12.90%

#### THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. LEVEL 3:	1.23	(27.6%)
2. YAHOO:	14.32	(18.1%)
3. ADC:	7.28	(11.9%)
4. SPRINT NEXTEL:	4.00	(11.5%)
5. COMMSCOPE:	25.60	(10.3%)

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## MaxFAX...

### Dog Days?

Ah, August.

The Europeans have it right... take the month off.

But we can't look to laws or mores from other jurisdictions

Besides, that ain't gonna work on this side of the pond this year. Broadband Stimulus applications due on the 14th—at least for the "1st Round."



Paul S. Maxwell

Lots of shifting about getting ready for the (slight)

economic uptick due mid-September. Also lots of hemming, hawing, maneuvering and all around angst in advance of the Fall Cable Connection in Denver... maybe it'll snow; maybe it won't.

In any event, it is going to set the tone for future "Connections."

Meanwhile, I think I'll insult somebody and maybe turn it into a chance to have a beer—in August, that makes as much sense as anything.

### Random Notes:

• **Climate Change?** This isn't a political screed... it's an observation. Was in Texas last week attempting to go from DFW to Austin. But

it was raining. Raining all through central Texas. Raining hard. Lots of lightning, too. My booked flight kept getting postponed; so, I changed my rental reservation and drove... through mostly pounding rain for three hours. When I got to Austin, I found news reports (TV, radio, newspapers) all lamenting a major Texas drought. Meanwhile, it rained more in the Colorado mountains this year than I've ever seen in the past 40+ years. And my flight was still grounded at DFW after midnight. Down here, if it ain't raining, it be hot. Very hot.

• **Don't Ever "Lose" Your Rental Car Keys!** Welcome to hell. All my fault, of course, I dropped the keys to the Hertz car somewhere at my Austin hotel. Tried to call Hertz (good luck); saw a Hertz sign out of my window so I walked over. Tsk, tsk. Bad news: that costs a fortune in hassles and time and money. Good news, hotel staff found the keys... still cost.

• **Jeffrey's Voice:** The **Southern Cable Association** and its Tower Club (still going strong) once dominated cable in the Southeast—and performed a great service... like once bestowing the "Ted Turner Innovator of the Year Award" on me in '98 (they're looking for a pic of it, but I think *Alex Best* and others were laughing too hard). I was remembering that and the late,

great *Polly Dunn* when I was talking with one time stalwart member of those groups *Nancy Horne*. She was telling me about **jeffreysvoice.org**—and one of those unbearably sad stories about parents losing kids... she lost two sons. Jeffrey—to leukemia—and his brother Brian—to a broken heart—and a great friend Patti—to the same leukemia. Leukemia means something to me. My very best friend—for over 40 years since we were Army officers together—beat leukemia. Touch and go though. Nancy saw my note about our friend at **C-SPAN** and called. Nice to talk with her—though not the easiest thing. You can help. And here's one more note about how and why: "One late night just before Jeffrey's last hospital stay, he said to me, 'Mom, God has a plan for this. Maybe I will get well and help others with this disease, or maybe I won't. Then, you can.' He and his brother handed me a torch, and I am using it to light yours. Leukemia was their enemy. Now it is mine. I hope to make it yours. For Jeffrey, Brian, Patti, and the many others affected by Leukemia and blood cancers, please help us find a cure."

Paul Maxwell

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