

CableFAX Daily™

Friday — September 29, 2006

What the Industry Reads First

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Retrans Skirmish? Sinclair May Pull Signals From Mediacom

Notorious retrans problem child **Sinclair** is at it again. The broadcaster has threatened to notify **Mediacom** on or before Oct 15 of its intent to terminate retransmission of its stations effective Dec 1, according to fine print in the MSO's Thurs **SEC** filing to sell \$200mIn in bonds to pay down debt. The threat is serious because approximately half of Mediacom's subs carry local broadcast stations owned or programmed by Sinclair. But while "negotiations have narrowed the gap between Sinclair and us," Mediacom warns that it can't predict whether a new agreement will come before systems have to cease carriage. "Sinclair is seeking compensation that we believe to be in excess of what is appropriate, although the amount is not material to our results of operations or financial condition," Mediacom said in its filing. About half of Mediacom's subs carry local broadcast stations owned or programmed by Sinclair under a month-to-month arrangement that's terminable at the end of any month with 45-days notice. All of the stations are affiliates of one of the Big 4 networks. Mediacom would not comment beyond the filing. Sinclair did not return calls for comment.

Ma Bell: 5 MSOs Urge Interconnection Conditions on AT&T-BellSouth Merger

Five MSOs this week sent the **FCC** a letter urging it to take steps to mitigate **AT&T's** "enhanced power over interconnection" through its planned merger with **BellSouth**. The letter, signed by **Advance/Newhouse, Charter, Cablevision, Cox** and **Insight**, comes after reports that FCC chmn *Kevin Martin* has proposed approving the telco deal without conditions. The MSOs worry the merger will boost AT&T's incentive to discriminate against cable. This appears to be the first filing on the merger by a cable company. **NCTA** generally doesn't weigh in on merger reviews, and **Time Warner** and **Comcast**, whose **Adelphia** merger recently gained FCC approval, have made no filings related to the merger. The 5 said they'd hoped private negotiations between AT&T and NCTA would resolve critical interconnection issues but told the FCC Wed that the approach has "proved not to be fruitful." Cable phone provisioning depends on physical interconnection, over which the Bells have market power. The MSOs suggest the FCC require AT&T to implement IP-to-IP interconnection arrangements and offer direct interconnection rights to cable VoIP providers. They claim AT&T blocks IP-based interconnection at specified interconnection points, instead forcing providers to provision tens of thousands electrical handoffs at multiple points. This creates anti-competitive effects, including excessive provisioning costs, the 5 argued. The MSOs want AT&T to provide IP interconnection at points identified by the requesting carrier and to reduce negotiating costs and delays. Apart from VoIP-related concerns, the MSOs also worry that the merger will increase wireless provider **Cingular's** incentives to impose discriminatory roaming requirements on cable's planned wireless services.

Bristol's Bad Decision: **ESPN** has officially benched its **Mobile ESPN** initiative and on Dec 31 will tell the service to clean out its locker. Launched in Feb and derided by **Merrill Lynch's Jessica Reif Cohen** in July (**Cfax**, 7/20), the

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service was supposed to be a star but fell short of expectations, resulting in projected sunk costs of \$100-\$125mln. "Our customer satisfaction numbers were through the roof, but adoption levels simply were not enough," said *Manish Jha*, svp/GM of ESPN Mobile. The initial hope was to alter with inimitable content the established wireless industry's buying and selling norms, Jha said, where service/handset pricing and handset form factors drive economics. What Jha and ESPN Mobile found instead was a mere 1-7% of wireless phone purchasers basing their decision on entertainment or content options. "We had limited success in changing the industry paradigm," he said. "We were hoping a shift would move faster than it has, and our confidence in the pace of change is not as high today as it was before." ESPN Mobile will now try to license its content to existing national wireless carriers. Significant discussions are underway, Jha said, with completed deals "not years away but probably months away." Of the more than 100 employees who work under the ESPN Mobile umbrella, only one-third will retain their posts following the transition to a licensing model.

New Tune: Fuse evp, gm *Catherine Mullen* has tendered her resignation, with Fri expected to be her last day at the ratings-challenged network. **Rainbow** declined comment, but word is she has another job offer.

CA Telecom: CA Gov *Arnold Schwarzenegger* is expected Fri to sign statewide video franchise legislation into law, 1 day before the deadline, said **CA Cable & Telecom Assoc** svp *Dennis Mangers*. The Gov's signature has been expected, he said, due in no small part to his current chief of staff and former **CA PUC** commissioner *Susan Kennedy*. "She was particularly eager for increased telecom competition in the state while with the PUC," said Mangers.

More Merger News: House Judiciary chmn *James Sensenbrenner* (R-WI) and ranking minority member *John Conyers* (D-MI) asked the **DOJ** to postpone concluding its review of **AT&T's** proposed \$67bln acquisition of **Bell-South** until a federal court decides the public interest value of the **SBC/AT&T** and **Verizon/MCI** mergers. On the Senate side, antitrust chmn *Mike DeWine* (R-OH) and ranking member *Herb Kohl* (D-WI) wrote the **FCC** and **DOJ** Thurs to urge close scrutiny of the merger's potential effect on available wireless spectrum for broadband services.

ITV: **Time Warner Cable's** National Show announcement concerning "Quick Clips" (**Cfax**, 4/10) came to fruition Thurs. The MSO announced the launch of the digital feature, which allows access to short-form Web video on TV, in its SC division. Viewers may select special content from **CNBC**, **CNN**, and **The Weather Channel** through an onscreen prompt. 150K subs in SC can get the service, with more markets/nets planned for next year.

Marketing: We've heard of Super Bowl gatherings, Tupperware parties... even wine-tasting soirees. But the nationwide "Taste of TiVo" parties planned for Sat are new to us. More than 1K **TiVo** subs have signed up to introduce friends and family to TiVo features including "Season Pass" recordings, "Wish List" searches, online scheduling and "KidZone." Broadband-connected TiVo subs will get a party program package that includes 2 film trailers, a computer-animated show with *Madonna* and *Snoop Dogg*, and "Bobby," *Emilio Estevez's* look at the **Bobby Kennedy** assassination.

Adelphia Made Me Do It! Disgruntled former **Adelphia** employee *Michael Kemly* pled guilty last week to cutting the MSO's main fiber optic feed for video and HSD service to Martha's Vineyard in Apr '05. His letter of apology ran in *The Martha's Vineyard Times* Thurs, complete with a couple jabs at his former employer. "The act I committed was propagated by a build-up of anger and frustration from my interaction with people I worked for at Adelphia. ... The moral of the story is, if you work at a place that causes frustration, depression and anger, get the hell out before it makes you go

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crazy.” Kemly, who now lives in FL, got 3 years probation and must pay Adelphia (now **Comcast**) \$50K in restitution.

Change of Address: NCTA’s office will be closed Fri as it makes the move to its new home closer to the Capitol. Email addresses will still work, but phone numbers are changing. The new main line is 202-222-2300. Also involved in the move are **Cable in the Classroom** (new number: 202-222-2335), **CTPAA** (202-222-2370) and the **Walter Kaitz Foundation** (202-222-2490). The HQ at 25 Massachusetts Ave, NW, should be up and running Mon. The permanent Broadband Home display and new HD theater probably won’t be ready for another 6 weeks. Check out www.cable360.net/cfax for a tour of the new facility while it was under construction.

Online: **NBC U** and **Intel** launched “VIP Access,” an online service that will let Intel customers download several programs, including cable programming and the entire fall seasons of new NBC shows “Studio 60” and “Heroes.” The on-demand service is available for free to consumers with Intel Viiv-based PCs and Centrino laptops. -- **Discovery Health** launched 24-hour broadband channel, Discovery Health Beyond, at www.discoveryhealth.com.

Technology: **Sling Media** announced 3 new “Slingbox” models for customers with basic analog cable, standard def cable or satellite, and HDTV. The “Pro” and “AV” models run \$180; the “Tuner” model is \$250 (optional HD add-on: \$50).

Carriage: **Cavalier Telephone & TV** signed distribution pacts with **Disney** and **ESPN Media Nets** for its customers in Richmond and Hampton Roads, VA.

Online: **The Weather Channel** will officially launch Tues “Climate: One Degree,” a broadband initiative (weather.com/climate) devoted entirely to the impact of climate change. TWC vp, broadband and consumer applications *Matt de Ganon* said the site will be a “forum for national conversation around climate change” to “help people find resources for one of the most important topics facing us as a species.” Initial assets will include 50 video segments (1/2 original), blogs and commentary, and interaction with the related linear show, “The Climate Code with Dr. Heidi Cullen,” set to debut later this year. *Cullen* will also feature prominently online, where **Toyota** was named the site’s 1st sponsor. Scientists and activists can participate through blogs, letting them interact with the user base by next year, de Ganon said.

Broadband: **MTV** announced that it will air Oct 11 the season finale of news and doc series “Two-A-Days” exclusively at **MTV.com**, marking the 1st time such an ep will go online. The series 2nd season was picked up for ’07. -- Our *Paul Maxwell* commented on the importance of 7 channels of Bud.TV, the online ‘network’ featuring Budweiser suds. Well, Internet TV company **Narrowstep** has taken the high road and on Fri launches **SingleMalt.TV** (www.singlemalt.tv), a subscription-based, 24/7 broadband channel dedicated to the pleasures of single malt scotch. Regular programs include “Whisky World News,” “The Whisky Chef” and “Liquid Treasure” (profiles of great single malts). Knowing how you like to absorb a subject before you write about it, Paul, we’re assigning you to pen a feature about this for *CableWorld*. - SA

On The Circuit: **Discovery** did nothing Wed night to dispel the notion that it knows how to throw a party. Celebrating the launch of its multi-nation HD odyssey “Atlas” (Sun, 9pm, Discovery Channel), Discovery hosted guests and ambassadors from China, Italy, Australia and Brazil (the first 4 countries profiled on Atlas) for a special screening and a reception with foods and dancers from each country. A dancing Chinese dragon led hundreds of guests from the screening to Discovery HQ, literally stopping traffic in downtown Silver Spring, MD.

Research: Service overlap, bundled pricing and convenience will help cable ops garner 24.5mln (24% of total) residential phone subs by the end of ’09, up from the 9.1mln forecasted for the end of ’06, according to data from **The Convergence Consulting Group**. By contrast, telcos will own 6.5mln video subs by ’09 (up from 670K), representing just 6% market share. CCG further posits that cable will gain a small amount of basic subs this year, experience a small loss in ’07, and then lose a sizable chunk to telcos in ’08-’09. Meanwhile, digital sub numbers will be far better. -- Solid

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BUSINESS & FINANCE

sub growth is expected from DBS going forward, according to **Kagan Research**, which projects satellite will notch more than 6mln net new subs to total more than 33.5mln by '15.

People: *Kimberly Maki* has resigned from her exec post at **SCTE**, effective Oct 12, and will become exec dir of the **Society of Motion Picture and Television Engineers**. -- **Cox** promoted *Lisa Gauvin* to vp, customer care operations, strategy and planning. -- *Mike O' Hara* will join **EchoStar** in Oct as a senior advisor.

Business/Finance: **EchoStar DBS** announced Thurs an offering of roughly \$500mln aggregate principal amount of debt securities (maturities, '13 and '16). Net proceeds aim to replace cash on hand for **EchoStar** to redeem outstanding Floating Rate Senior Notes due '08 on Oct 1. **Standard & Poor's** gave a 'BB-' rating to the senior notes with a 'stable' outlook. -- **Charter** posted Thurs to its Web site selected pro forma financial data for each '05 Q, and 1Q06 and 2Q06. Data reflects numerous asset sales as if they had occurred as of Jan 1, '05 for the statement of operations data and other financial data, and as if they had occurred as of the last day of the respective period for the operating data. '05 asset sales to **Rapid Comm** and **McDonald Investment** are reflected, as are the '06 transactions with **Cebridge**, **NewWave Comm**, **Orange Broadband**, **Allegiance Comm** and **Seren Innovations**.

CableFAX Daily Stockwatch

Company	09/28 Close	1-Day Ch	Company	09/28 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
AVID TECH:	36.15	0.15	BLNDER TONGUE:	1.18	(0.03)
BRITISH SKY:	41.35	0.36	BROADCOM:	30.84	1.09
DIRECTV:	19.54	(0.31)	C-COR:	8.73	(0.03)
DISNEY:	30.93	(0.11)	CISCO:	23.48	0.13
ECHOSTAR:	32.44	0.14	COMMSCOPE:	32.88	0.25
GE:	35.48	0.14	CONCURRENT:	1.66	0.07
HEARST-ARGYLE:	22.99	(0.17)	CONVERGYS:	20.86	0.19
ION MEDIA:	0.84	0.01	CSG SYSTEMS:	26.74	(0.2)
NEWS CORP:	20.42	(0.09)	GEMSTAR TVG:	3.34	(0.06)
TRIBUNE:	32.57	0.08	GOOGLE:	403.58	0.66
MSOS					
CABLEVISION:	22.65	(0.36)	HARMONIC:	7.40	(0.11)
CHARTER:	1.52	0.00	JDSU:	2.25	0.00
COMCAST:	36.59	0.07	LEVEL 3:	5.17	(0.09)
COMCAST SPCL:	36.54	0.13	LUCENT:	2.33	0.02
GCI:	12.58	0.00	MICROSOFT:	27.40	(0.04)
KNOLOGY:	10.00	0.00	MOTOROLA:	24.89	0.32
LIBERTY CAPITAL:	84.05	(0.12)	NDS:	43.13	0.03
LIBERTY GLOBAL:	25.75	0.00	NORTEL:	2.33	(0.01)
LIBERTY INTERACTIVE:	20.44	0.22	OPENTV:	2.91	(0.11)
MEDIACOM:	7.09	(0.07)	PHILIPS:	35.08	0.08
NTL:	25.25	0.34	RENTRAK:	11.40	(0.05)
ROGERS COMM:	54.36	0.06	SEACHANGE:	8.90	(0.07)
SHAW COMM:	30.28	0.08	SONY:	41.16	(0.35)
TIME WARNER:	18.20	(0.39)	SPRINT NEXTEL:	16.69	(0.13)
WASH POST:	719.70	1.19	THOMAS & BETTS:	47.42	0.28
PROGRAMMING					
CBS:	28.21	(0.24)	TIVO:	7.66	(0.01)
CROWN:	4.49	(0.11)	TOLLGRADE:	9.07	0.14
DISCOVERY:	14.44	0.05	UNIVERSAL ELEC:	19.17	0.36
EW SCRIPPS:	47.80	0.16	VONAGE:	6.72	(0.05)
GRUPO TELEVISIA:	21.13	0.07	VYYO:	4.30	(0.27)
INTERACTIVE CORP:	28.77	0.20	WEBB SYS:	0.06	0.00
LODGENET:	18.75	0.02	WORLDGATE:	1.50	0.13
NEW FRONTIER:	8.22	(0.22)	YAHOO:	25.33	0.68
OUTDOOR:	11.04	0.00	TELCOS		
PLAYBOY:	9.54	(0.1)	AT&T:	32.37	(0.2)
UNIVISION:	34.36	(0.04)	BELLSOUTH:	42.44	(0.27)
VALUEVISION:	11.64	(0.16)	QWEST:	8.73	(0.17)
VIACOM:	37.05	(0.53)	VERIZON:	36.94	0.16
WWE:	16.69	0.08	MARKET INDICES		
TECHNOLOGY					
3COM:	4.36	(0.03)	DOW:	11718.45	29.21
ADC:	15.53	0.29	NASDAQ:	2270.02	6.63
ADDVANTAGE:	4.27	0.09			
AMDOCS:	39.20	(1.5)			
AMPHENOL:	62.74	(1.04)			
ARRIS GROUP:	11.57	0.10			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Throwing Content

DirecTV's new original series "Project MyWorld" (Oct 2, 6pm) features 3 sexy young women traversing the globe in search of music, adventure and love – pursuits not necessarily ranked in that order. The 1st ep finds them dodging vegetables during the customary Valencia, Spain, tomato fight, and the overall series leverages the powerful branding of sibling property **MySpace**. Pictures, bios and highlights of the show are available at the social networking site, and the women strive to meet site members throughout their travels. Project will join musical programming, gaming contests, user-created podcasts and faith-based content on **The 101**, the DBS ops' 24-hour original channel. DirecTV is using live performances by bands such as the *Red Hot Chili Peppers* and the *Pussy Cat Dolls* to evade not tomatoes, but dreaded churn. "We need to latch onto content that viewers are passionate about because churn is the most difficult thing to tackle," said DirecTV evp, entertainment *Eric Shanks*. "We are working hard on that, and it helps that, unlike a normal network, we can run whatever we want." DirecTV will invest more heavily in originals next year for The 101, an offering positioned for the "Boomer Shadow" generation that begins its teenage years in '07 – and one Shanks hopes acts as an ideal mouthpiece for DirecTV. "There's nothing better inside a home than a whining teenager to help prevent a switch to cable," he said. DirecTV currently promotes the 101 strictly to subs but plans to use it as a value-added sales tool as programming expands, said Shanks. Early viewership data shows a healthy following from both the female 25-34 and male 18+ demos, but the data remains secondary in importance. It's all about fighting that messy, filthy churn. *CH*

Highlights: "Dexter," Sun, 10pm, **Showtime**. A fine treatment of a difficult novel ("Dreaming Dexter" by *Jeff Lindsay*) whose complicated protagonist is a police forensics specialist by day and a Robin Hood-like vigilante by night. The strengths of this dark series are its writing, tone and cast, particularly *Jennifer Carpenter* as Dex's sister. – "Atlas: China," Sun, 9pm, **Discovery**. The kickoff of *John Hendricks'* \$60-million HD world journey is well done, even in standard def. And chronicling the stories of 4 citizens as a device to embody the vast nation is clever. But critics of China's repressive regime beware: this is family TV, providing an interesting but relatively uncomplicated and largely apolitical glance of the country. *SA*

Worth a Look: "Paula's Party," tonight, 10, & "Nigella Feasts," Sun, 1pm, **Food**. Two victories for Food, which knows tinkering with a winner is better than radical change. Emeril blossomed when he got a studio audience. Paula's mature species needs no assistance... still, she glows here with an audience. Despite her posh accent, Nigella sticks to easy cuisine (chili for goodness sake!), but her lime guacamole and smoldering brown eyes hook. – "Climate Code with Dr Heidi Cullen," Sun, 5pm, **Weather**. The opener of this series on global warming starts slowly. Dare we say we're hoping it warms up. *SA*

Basic Cable Rankings			
(9/18/06-9/24/06)			
Mon-Sun Prime			
1	ESPN	2.5	2295
2	DSNY	2.1	1875
3	USA	2	1839
4	TNT	1.5	1419
5	TOON	1.3	1202
6	NAN	1.2	1104
6	FOXN	1.2	1068
6	LIFE	1.2	1057
6	FX	1.2	1048
10	A&E	1.1	968
10	HALL	1.1	805
12	SCIF	1	834
13	TBSC	0.9	857
13	HGTV	0.9	805
13	TVLD	0.9	759
16	MTV	0.8	771
16	SPK	0.8	738
16	CMDY	0.8	721
16	DISC	0.8	713
16	HIST	0.8	688
21	TLC	0.7	666
21	AMC	0.7	663
21	CNN	0.7	634
21	CORT	0.7	621
25	FOOD	0.6	573
25	FAM	0.6	561
25	VH1	0.6	555
25	ESP2	0.6	536
25	APL	0.6	506
30	BET	0.5	433
30	SOAP	0.5	288
30	LMN	0.5	266
33	EN	0.4	383
33	BRAV	0.4	373
33	MSNB	0.4	358
33	HLN	0.4	348
33	TTC	0.4	328
38	TVGC	0.3	247
38	TWC	0.3	230
38	CMT	0.3	219
38	OXYG	0.3	215
38	NGC	0.3	200
38	WGNC	0.3	199
38	SC	0.3	189
38	GSN	0.3	173
38	TDSN	0.3	162

*Nielsen data supplied by ABC/Disney

CableFAX
databriefs



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