

# CableFAX Daily™

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What the Industry Reads First

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## No Exceptions? Martin Speaks Out Against Small Op Dual Carriage Exemption

Small operators hoping for a blanket exemption from the FCC's dual carriage rules didn't get a glimmer of hope from FCC chmn *Kevin Martin* Wed. Speaking before the House Telecom subcmte, Martin said he was "skeptical" of small ops' hardship claims. "It requires no additional capacity..." he said. "I'm not sure I understand how it's an additional burden. They already have to deliver signals to analog customers." Martin rejected the notion that the rule requires dual carriage of must-carry broadcasters' analog and digital signals. Instead, the rules require that a must-carry broadcaster's signal be viewable to everyone, just as they are today, he said, suggesting that some ops have "chosen" dual carriage by the design of their system. Of course, with broadcasters required to ditch their analog signals in favor of digital by of Feb 17, '09, dual carriage will be necessary for most cable systems as very few are all digital. Under an FCC order adopted last month, cable ops must carry the analog and digital signals of broadcasters who elect mandatory carriage for 3 years, after Feb 17, '09 if their cable systems are not all-digital. Small ops view the waiver process as burdensome and want an across-the-board exemption. **NCTA** supports the ops. Several members of Congress said they favor an exemption, however. Martin also suggested that his multicast must-carry proposal could help spur DTV set/converter box adoption, but Rep *Michael Ferguson* (R-NJ) called the plan a "distraction" and "anti-free market," adding that it "could even be viewed as irresponsible." Other lawmakers were also skeptical. Martin wants to let small and independently owned businesses lease broadcasters' unused multicast streams and receive mandatory cable carriage of those streams. Meanwhile, the FCC chmn pushed an order he's circulated to require cable and DBS providers to put DTV education bill stuffers in monthly statements. Other provisions include requiring broadcasters to file quarterly reports on DTV education efforts and to air PSAs. The FCC would also work with **NTIA** to ensure retailers properly train employees to help consumers.

**New Orleans' Full Court Press:** Not surprisingly, New Orleans officials pushed their city's readiness for **NCTA's** Cable Show in May during a briefing Wed at the Morial Convention Center. It was the 1st time NCTA had held such a pre-convention briefing for exhibitors and trade press. Officials said that because the airport, downtown, Garden District and French Quarter sustained "minimal damage" from Katrina, conventioners won't be inconvenienced. In fact, the theme of the day was "making lemonade from lemons," as reps from hotels, restaurants and the city noted they used the post-Katrina lull in business to ramp up renovation work that was impossible during heavy tourist traffic. Besides multi-million-dollar hotel upgrades throughout the city, the Convention Center also boasts a \$38mln facelift, including new carpet and free WiFi. And there are more restaurants (855) open than there were before Katrina, and more police, said *Sallee Pavlovich*, director, corporate & trade show sales, New Orleans Metro Convention & Visitors Bureau. Staffing should be sound, too, Pavlovich and others said. New Orleans had 1.3mln people pre-Katrina; there are 1.1mln people now, she said. Cox said it's 98% up throughout New Orleans and it also has upgraded its plant, with the Convention Center up to 1 gig by May.

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**Who's On First?** More concerns emerged at a DTV hearing Wed that no govt agency is leading the digital transition.

The heads of the Sen and House Commerce committees suggested the creation of an interagency govt task force to lead DTV efforts. **FCC** chmn *Kevin Martin* and **NTIA's** *John Kneuer* both said they weren't sure a formalized task force was needed, while Democratic FCC commish *Jonathan Adelstein* favors the idea. "We don't have a message yet. We don't have a plan yet. We're 17 months out—hopefully, we can turn that around," he said. A **GAO** rep said the office is concerned that a lot of the things that need to be done are being left to voluntary participation. **NCTA's** *Kyle McSarrow* said there could be more leadership at the federal level to make sure everything is coordinated. However, he spoke out against putting someone in charge of reading the industry's PSA scripts, etc. "We don't have a lot of time left," he said.

**More DTV Doings: Best Buy** has stopped selling analog TVs. The news, delivered during Wed's House Telecom DTV hearing, prompted chmn *Ed Markey* (D-MA) to comment, "That's like announcing you're not going to sell any more black and white TV sets. Thank God." Best Buy also said it would participate in the govt's converter box coupon program early next year. **Circuit City** also declared that it would participate in the program. Meanwhile, the Sen Commerce Committee raised concerns that the converter box coupons won't be available in Jan, but in Apr. It asked NTIA to further clarify.

**NCTA's Battle of the Bands:** (New Orleans) **NCTA** is in the early stages of planning a battle of the bands fundraiser that will allow cable to "give back" to New Orleans, show chief *Barbara York* said Wed. Instead of paying a professional entertainer, the Cable Show's closing night party would feature cable industry musical talent, **NCTA's** *Mark Bell* said. The idea is in the "very early stages," Bell and York said. -- **NCTA** also is urging cable companies to give back in other ways like teching up schools, painting buildings or building playgrounds, York said. There's also the possibility of a book drive. Companies are being urged to come up with their own ideas, too. For example, **The Sportsman Channel** has volunteered to support a local soup kitchen with excess meat donated by hunters, York said.

**Dire Dilemma: ClearBridge Advisors**, **Cablevision's** largest shareholder with 31.4mln shares (13.6%), has joined *Mario Gabelli* and **T. Rowe Price** in voicing opposition to the *Dolan* family's proposed buyout. ClearBridge "does not feel that the shareholders are being adequately compensated for the expected growth in Cablevision's free cash flow... nor the value of the other assets owned by the company," the **Legg Mason** subsidiary said in a Wed release. CVC pres/CEO *James Dolan* issued a related statement Tues night on behalf of the family. "I want to state emphatically that there will be no modification of the family's accepted offer to acquire Cablevision," said Dolan. "We are looking forward to next week's vote and hope that the transaction is approved, but I'd underscore that I am completely prepared to continue to lead the company into the future as a public company if the transaction is not approved."

**Power Women:** Female cable execs have much opportunity but also much to consider these days, said panelists at **WICT Baltimore-Washington's** "Powerbrokers Breakfast" at the **NCTA** hq in DC Wed. **Comcast's** *Victoria Clarke* suggested viewing opportunities with "eyes wide open" to the commitments involved, noting how much detailed deliberation went into her decision to accept a demanding job as Pentagon spokeswoman in 2001. Panelists also noted the importance of networking, with **Discovery** svp, public policy and govt relations *Alexa Verveer* advising women to approach every new introduction and challenge with purpose. "Be at your best at all times because it's going to create opportunities you never dreamed of," she said. Other advice: **BBC World News America** correspondent *Katty Kay* suggested expanding horizons through foreign travel; **BET** svp *Jeanine Liburd* said women should bring their unique consensus build-

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# BUSINESS & FINANCE

ing skills to the table; **Time Warner Cable** vp *Kathleen Skinski* advised taking on unfamiliar tasks "to learn new skills for your toolbox." Also notable: **NCTA** svp *Jill Lockett* said she hopes to someday join the non-profit sector "where I can really give back."

**Media Ownership:** Word broke out at a Sen Commerce hearing Wed that **FCC** chmn **Kevin Martin** is looking to wrap up the **FCC's** media ownership review by mid-Dec. Sen Dems said that wasn't enough time for the Commission to review the matter. Chmn *Daniel Inouye* (D-HI) pledged to hold a hearing on the matter.

**On the Circuit:** **WICT** and the **Fashion Institute of Technology** hold a panel discussion Thurs to inform FIT's advertising and marketing students about career opportunities in cable. Panelists include **IFC's** *Jen Caserta*, **MTVN's** *Denise Dahldorf* and **History's** *Lori Greene*. **CableWorld's** own *Seth Arenstein* moderates.

**People:** **CBS** inked pres/CEO *Les Moonves* to a new employment agreement, extending his tenure through Sept '11 with a \$3.5mln annual salary and a one-time option to purchase 5mln shares of **CBS Class B Common Stock**. -- **Fox Reality** promoted *Noel Siegel* to vp, production and development. -- **Discovery Comm** appointed *Douglas Craig* svp, digital media operations. -- **Comcast Interactive Media** named former **Turner Sports** exec *Scott Bailey* svp/GM, **Comcast.net**.

## CableFAX Daily Stockwatch

Company	10/17 Close	1-Day Ch	Company	10/17 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	55.63	0.88	AMPHENOL:	42.78	3.01
DIRECTV:	25.98	(0.25)	APPLE:	172.75	3.17
DISNEY:	35.38	0.37	ARRIS GROUP:	11.66	0.63
ECHOSTAR:	49.45	(1.63)	AVID TECH:	28.28	0.03
GE:	41.00	0.23	BIGBAND:	5.85	(0.12)
HEARST-ARGYLE:	23.47	0.06	BROADCOM:	42.05	(0.33)
ION MEDIA:	1.36	0.04	C-COR:	11.20	0.26
NEWS CORP:	23.64	0.10	CISCO:	32.46	0.17
TRIBUNE:	28.65	(0.34)	COMMSCOPE:	49.81	0.33
<b>MSOS</b>					
CABLEVISION:	32.58	(1.12)	CONCURRENT:	1.22	(0.01)
CHARTER:	2.72	0.04	CONVERGYS:	17.34	0.17
COMCAST:	24.13	(0.07)	CSG SYSTEMS:	20.02	(0.22)
COMCAST SPCL:	23.89	(0.11)	GEMSTAR TVG:	6.81	0.16
GCI:	11.48	0.02	GOOGLE:	633.48	17.48
KNOLOGY:	16.09	0.11	HARMONIC:	11.71	0.34
LIBERTY CAPITAL:	128.48	(0.31)	JDSU:	15.69	0.15
LIBERTY GLOBAL:	42.13	0.28	LEVEL 3:	4.20	(0.06)
LIBERTY INTERACTIVE:	20.23	0.11	MICROSOFT:	31.08	0.76
MEDIACOM:	6.71	(0.1)	MOTOROLA:	19.30	0.14
NTL:	28.22	0.00	NDS:	54.42	2.47
ROGERS COMM:	42.97	0.00	NORTEL:	16.21	0.14
SHAW COMM:	26.06	0.46	OPENTV:	1.42	(0.05)
TIME WARNER CABLE:	33.31	0.16	PHILIPS:	41.94	0.22
WASH POST:	800.80	0.55	RENTRAK:	15.81	0.34
<b>PROGRAMMING</b>					
CBS:	29.70	0.34	SEACHANGE:	6.95	0.07
CROWN:	8.02	0.02	SONY:	46.60	0.57
DISCOVERY:	28.32	0.36	SPRINT NEXTEL:	17.72	0.01
EW SCRIPPS:	45.73	(0.2)	THOMAS & BETTS:	58.53	0.67
GRUPO TELEVISA:	25.99	0.11	TIVO:	6.68	(0.11)
INTERACTIVE CORP:	29.57	0.45	TOLLGRADE:	9.96	0.08
LODGENET:	26.54	(0.51)	UNIVERSAL ELEC:	35.72	0.54
NEW FRONTIER:	6.09	(0.03)	VONAGE:	1.76	(0.04)
OUTDOOR:	9.08	0.06	VYYO:	6.03	0.08
PLAYBOY:	11.60	0.06	WEBB SYS:	0.06	(0.01)
TIME WARNER:	18.52	(0.04)	YAHOO:	28.82	2.13
UNIVISION:	36.23	0.00	<b>TELCOS</b>		
VALUEVISION:	7.00	(0.05)	AT&T:	41.93	0.11
VIACOM:	40.19	(0.51)	QWEST:	8.59	0.14
WWE:	14.95	0.10	VERIZON:	45.26	0.33
<b>TECHNOLOGY</b>					
3COM:	4.88	0.00	<b>MARKET INDICES</b>		
ADC:	19.39	0.37	DOW:	13892.54	(20.4)
ADVANTAGE:	8.10	0.01	NASDAQ:	2792.67	28.76
ALCATEL LUCENT:	9.39	0.09			
AMDOCS:	35.70	0.33			

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# Think about that for a minute...

## Rehr ended

I don't know the new head of the National Association of Broadcasters, David Rehr. His predecessor Eddie Fritts and I had a long, lively debate about our respective industries. Sometimes we took shots at each other, and sometimes we worked in tandem on things that were of importance to both cable and broadcasters.

It's one of those times when we need to work together. The Rehr NAB, however, seems to be doing some very strange things for a group that is seeking help on the "DTV Transition" anywhere it can find it.



Steve Effros

No one should forget that the "transition" is not the cable transition, or the satellite transition to digital. We've already done that. It's the broadcasters who are the ones both responsible for getting the government to foster the transition from analog to digital over-the-air transmission, and the ones

who clearly have the most to lose if the public does not experience a smooth switchover.

Cable has been asked to help. We have not only agreed, we have taken the lead in announcing public education campaigns, getting PSAs on the air, and making sure our customers know that we will take care of them during the transition—that they need not worry about their televisions going blank.

That's a legitimate fear for folks not hooked up to an MVPD. If they are totally reliant on over-the-air reception and don't get a special tuner to upgrade existing analog-only television sets, those sets will no longer work on Feb. 17, 2009, when analog broadcast transmitters are required to turn off. So the word has to be spread about how to get government vouchers for the purchase of new tuners, who needs them, how to hook them up, etc.

Cable has agreed to actively help in that effort.

So what showed up on newscasts the other day? An unfortunate story about an older lady who took a hammer to some equipment at a cable customer service center because she was frustrated with their response to her. It shouldn't happen. But as the cable operator noted, with over 200 million interactions with customers every year, there are bound to be times when we don't fill every expectation. It still shouldn't happen, but it does.

What's most upsetting, however, is not that we had a lapse in customer service (it still happens too often, but we are getting better) but that this story was reportedly promoted and distributed by none other than the NAB!

Now let's get some things clear: the broadcasters don't even offer customer service. They don't "interact" with their viewers other than to count them so they can charge advertisers ever-increasing rates. They get free spectrum that the government could have made lots of money auctioning off instead of charging us all taxes. And in election years, they get obscene amounts of money from the political system rather than supply the "public airwaves" for the public good and help get money out of politics.

Could we start hammering the broadcasters about all this? Easily. Could we ask the NCTA PR folks to spend their time taking shots at the broadcasters rather than try to help them on the "DTV Transition?" Sure. But we're not. At least not yet. It seems to me it's up to the NAB's new chief, Mr. Rehr, to make it clear to his own troops what the priorities are. Do you want to engage in cheap shots and "Rehr-ending" each other, or do you really want cooperation and help on the transition. You can't have it both ways.

*Steve*

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