

CableFAX Daily™

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What the Industry Reads First

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The Unbundle: Panel, Lawmaker Push for Light Touch Regulation

On the eve of an expected **FCC** vote to ban exclusive video contracts for MDUs, **Comcast** vp, external affairs and public policy *Joe Waz* says the agency is on “something of an unbundling binge,” even as it talks about “relying on markets and a light regulatory touch.” His comments came at a DC think tank lunch Tues titled, “The Federal ‘Unbundling’ Commission?”—whose acronym resembles a word sometimes uttered by some cable execs when they see some of the FCC’s proposals. Waz pointed to 2 specific FCC efforts—2-way plug & play and a la carte—as examples of unbundling proposals. The shortcomings with plug & play include that the FCC would set the terms of consumer electronic equipment only on cable systems, ignoring telcos and DBS, he said. “You can’t leave out 1/3 of the market and say you’re creating a national marketplace,” Waz told the crowd. **Heritage Foundation** fellow *James Gattuso* identified video as the area where the FCC most covets unbundling. “A la carte is the most literal form of unbundling being pushed by the FCC today,” he said. Cable’s anti-govt a la carte stance got some support from Rep *Marsha Blackburn* (R-TN). “Proponents don’t mention that the video market is not like Aisle 3 at the supermarket or the buffet at the Bonanza,” she said. Gattuso said he did a double-take recently when FCC chmn *Kevin Martin* described multicast must-carry as a way to push the DTV transition forward. “So the way to get people to use new radio spectrum is to force cable to broadcast the same program on its non-spectrum systems?” he pondered. “Maybe the next step is a must-watch channel.” As for Wed’s pressing MDU vote, **Free State Foundation’s** *Randolph May* suggested the abrogating of existing exclusive contracts a possible constitutional problem. Indeed, there’s already been buzz about possible lawsuits. **Wharton School** prof *Kevin Werbach* said he was more in the middle when it comes to the unbundling debate, saying the govt shouldn’t get involved just to get involved, but that it also “shouldn’t sit back and assume everything will work out if we just get out of the way.” Blackburn urged the FCC and Congress to “hold the line on light touch regulation and resist the urge to unbundle what’s working.”

On the Hill: The House Commerce committee approved a broadband mapping bill requiring the **FCC** and **NTIA** to collect data on the broadband rollout. The bill creates a national, searchable broadband availability map that will allow consumers to find which service providers are available in their areas. The bill would also authorize funds for grants to local planning entities to increase broadband deployment and usage on the local level. Also Tues, Sen Commerce passed the “Community Broadband Act,” which prevents a state or local regulation from preventing a provider from offering broadband. It also encourages public-private partnerships and requires that municipal broadband offerings comply with federal telecom laws.

DTV Doings: More than 1K broadcasters are participating in a DTV consumer education campaign, according to **NAB**. 18 broadcast companies representing 139 stations recently joined the campaign, and it says others are expected to participate. -- Reps *Joe Barton* (R-TX) and *Fred Upton* (R-MI) want to know more about the **GAO’s** planned



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study of the demand for digital-to-analog converter boxes. In a letter to the GAO, the 2 Republicans implied that the CEA's own study had covered a lot of this ground. It found that about 24mln analog sets will need converters, which would mean there's plenty of money in the govt subsidy program. It's set up to offer \$40 coupons for about 33.5mln TV sets. Barton and Upton listed details included in the CEA study, including that consumers are expected to ask for only about 8mln coupons. Dems and the GAO are concerned about how the transition is being handled. The 2 Republicans asked if the GAO's study will collect at least as much info as the CEA in order to be as robust.

Jackson's Sermon: Jesse Jackson took aim Tues at FCC chmn Kevin Martin's multicast must carry and a la carte proposals. Earlier this month, Martin attended Jackson's **Rainbow/PUSH** conference to tout both as ways to help minorities have a voice in the media. Martin wants broadcasters to lease multicast streams to independent broadcasters that would then get must-carry rights. "This proposal is regarded by many as a poor 'consolation' prize for what is widely considered to be an 'anti-diversity' agenda emanating from the FCC," Jackson wrote in a letter. He also criticized the "obsession—there can be no other word for it—with pushing a la carte regulations," despite an outcry from nearly every minority programming network.

Competition: DISH added **NBA TV** to the HD channel lineup available in concert with its America's Top 100 package. -- As Qwest's data, Internet and video services revenue increased 10% in 3Q to \$1.3bln, the telco's board approved an expansion of its fiber-to-the-node plan. \$300mln will be set aside for '08 efforts that will allow Qwest to serve approx 1.5mln additional homes with broadband speeds of 20Mbps. "It's our belief that there will be plenty of products and services that will flow over high-speed bandwidth," said chmn/CEO Ed Mueller, noting that **DirectTV** will remain the telco's video resale partner. Qwest added 111K broadband subs to pass the 2.5mln sub mark, and signed up 62K DirecTV subs to raise its total video customers to 634K, an 81% surge over last year. Bundle penetration rose 5 percentage points to 61%. Sequential access line losses were the lowest since 1Q06 in absolute numbers, but still up 7.2% Y-over-Y.

Hanging Up: Cable's **Pivot** wasn't measured in **JD Power's** latest study of wireless retail sales satisfaction, but partner **Sprint Nextel** was—and the results weren't pretty. The MVNO ranked last or tied for last in all 6 US regions in overall customer satisfaction, a rating reached by measuring and combining 4 factors: sales staff, store display, store facility and price/promotion. Sprint also trailed every other major wireless provider in nationwide customer care, and shared the cellar in retail sales performance. The only real positive for the carrier was a 2nd place finish in western call quality.

On the Hill: The **US House** joined the **Senate** Tues in approving a 7-year extension of the Internet tax moratorium, which affects services including wireless transmission devices, cable modems, and Internet service over phone lines. **NCTA** cheered the decision as "good news for consumers and small businesses... [the moratorium] will encourage even more consumers to subscribe to broadband and help accomplish a shared vision of universal broadband deployment for all Americans." The legislation now goes to the Pres for his consideration.

Net Stance: Net neutrality proponents have a friend in *Sen Barack Obama* (D-IL). During an **MTV** online forum Mon the presidential hopeful said that, if elected, he will make it a priority to reinstate net neutrality as the law of the land. "As president, I'm going to make sure [net neutrality] is the principle that my **FCC** commissioners are applying as we move forward," said Obama, who noted that "one of the best things about the Internet... is that there is this incredible equal-

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ity there." Questions about the issue were voted the most important by online forum participants.

Deals: Harron Comm d/b/a **Metro-Cast Comm** reached a definitive agreement to buy from **Northland Cable Networks** cable systems serving approx 19K subs in MS and SC. The transaction is expected to close in 4Q. **Waller Capital** served as financial advisor to Northland.

Advertising: **NBCU Digital Media** inked a deal with in-game ad network **IGA Worldwide** whereby NBCU may now sell some of IGA's ad inventory and create customized packages for clients. In July, **GE/NBCU's Peacock Equity Fund** participated in IGA's \$25 mln Series B investment round.

VOD: *Brian De Palma's* war film "Redacted" will be the 1st movie available prior to its theatrical release to cable and satellite ops as part of the **HDNet Ultra VOD** platform offering VOD fare up to 3 weeks before release. The platform also offers free sneak preview showings on HDNet Movies 2 days before the premiere. -- **Comcast** is offering via VOD more than 3 hours of **NESN's** coverage of the BoSox World Series victory parade.

People: **BETN** tapped *Tracy McGraw* as vp, communications. -- **Retirement Living TV** appointed former **Gemstar-TV Guide** exec *Betsy Brightman* vp, affil relations and distribution. -- **Ascent Media** promoted *Bob Dunbar* to vp/GM, Palm Bay, FL.

CableFAX Daily Stockwatch

Company	10/30 Close	1-Day Ch	Company	10/30 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	55.88	1.17	AMPHENOL:	44.55	(0.02)
DIRECTV:	26.06	(0.64)	APPLE:	187.00	1.91
DISNEY:	34.29	(0.39)	ARRIS GROUP:	11.34	(0.41)
ECHOSTAR:	49.00	(0.78)	AVID TECH:	28.70	0.66
GE:	40.48	(0.08)	BIGBAND:	6.66	0.54
HEARST-ARGYLE:	22.76	(0.31)	BLNDER TONGUE:	1.21	0.00
ION MEDIA:	1.37	0.06	BROADCOM:	32.39	(0.74)
NEWS CORP:	22.78	(0.22)	C-COR:	12.10	(0.2)
TRIBUNE:	30.01	(0.07)	CISCO:	32.61	0.20
MSOS					
CABLEVISION:	29.89	(0.11)	COMMSCOPE:	52.20	(0.47)
CHARTER:	2.06	(0.05)	CONCURRENT:	1.13	(0.03)
COMCAST:	20.90	(0.02)	CONVERGYS:	18.15	(0.05)
COMCAST SPCL:	20.84	0.06	CSG SYSTEMS:	20.30	(0.25)
GCI:	11.50	(0.11)	GEMSTAR TVG:	6.90	(0.02)
KNOLOGY:	16.66	(0.34)	GOOGLE:	694.77	15.54
LIBERTY CAPITAL:	124.89	1.39	HARMONIC:	12.38	(0.31)
LIBERTY GLOBAL:	38.51	(0.11)	JDSU:	15.19	0.03
LIBERTY INTERACTIVE:	20.55	0.07	LEVEL 3:	3.05	(0.1)
MEDIACOM:	5.73	0.01	MICROSOFT:	35.57	1.00
NTL:	28.22	0.00	MOTOROLA:	18.70	(0.25)
ROGERS COMM:	42.97	0.00	NDS:	57.40	(1.02)
SHAW COMM:	27.65	0.16	NORTEL:	16.17	(1.19)
TIME WARNER CABLE:	28.42	(0.12)	OPENTV:	1.39	(0.06)
WASH POST:	817.00	(1.6)	PHILIPS:	40.89	(0.36)
PROGRAMMING					
CBS:	28.38	(0.5)	RENTRAK:	15.58	(0.3)
CROWN:	7.45	(0.4)	SEACHANGE:	6.19	(0.06)
DISCOVERY:	28.03	(0.25)	SONY:	48.81	(1.02)
EW SCRIPPS:	44.31	0.51	SPRINT NEXTEL:	17.04	(0.14)
GRUPO TELEVISIA:	24.45	0.15	THOMAS & BETTS:	53.96	(0.69)
INTERACTIVE CORP:	28.39	0.54	TIVO:	6.93	(0.07)
LODGENET:	25.13	(1.32)	TOLLGRADE:	8.01	0.00
NEW FRONTIER:	6.04	0.00	UNIVERSAL ELEC:	35.75	(1.04)
OUTDOOR:	8.82	(0.04)	VONAGE:	1.97	(0.1)
PLAYBOY:	11.20	(0.16)	VYYO:	5.93	0.22
TIME WARNER:	17.97	(0.13)	WEBB SYS:	0.07	0.00
UNIVISION:	36.23	0.00	YAHOO:	30.83	(0.96)
VALUEVISION:	5.11	(0.17)	TELCOS		
VIACOM:	40.49	(0.02)	AT&T:	41.41	(0.33)
WWE:	15.22	0.23	QWEST:	7.06	(1.12)
TECHNOLOGY					
3COM:	4.86	(0.02)	VERIZON:	45.36	(0.63)
ADC:	18.80	(0.26)	MARKET INDICES		
ADVANTAGE:	8.48	(0.28)	DOW:	13792.47	(77.79)
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AMDOCS:	33.88	0.16			

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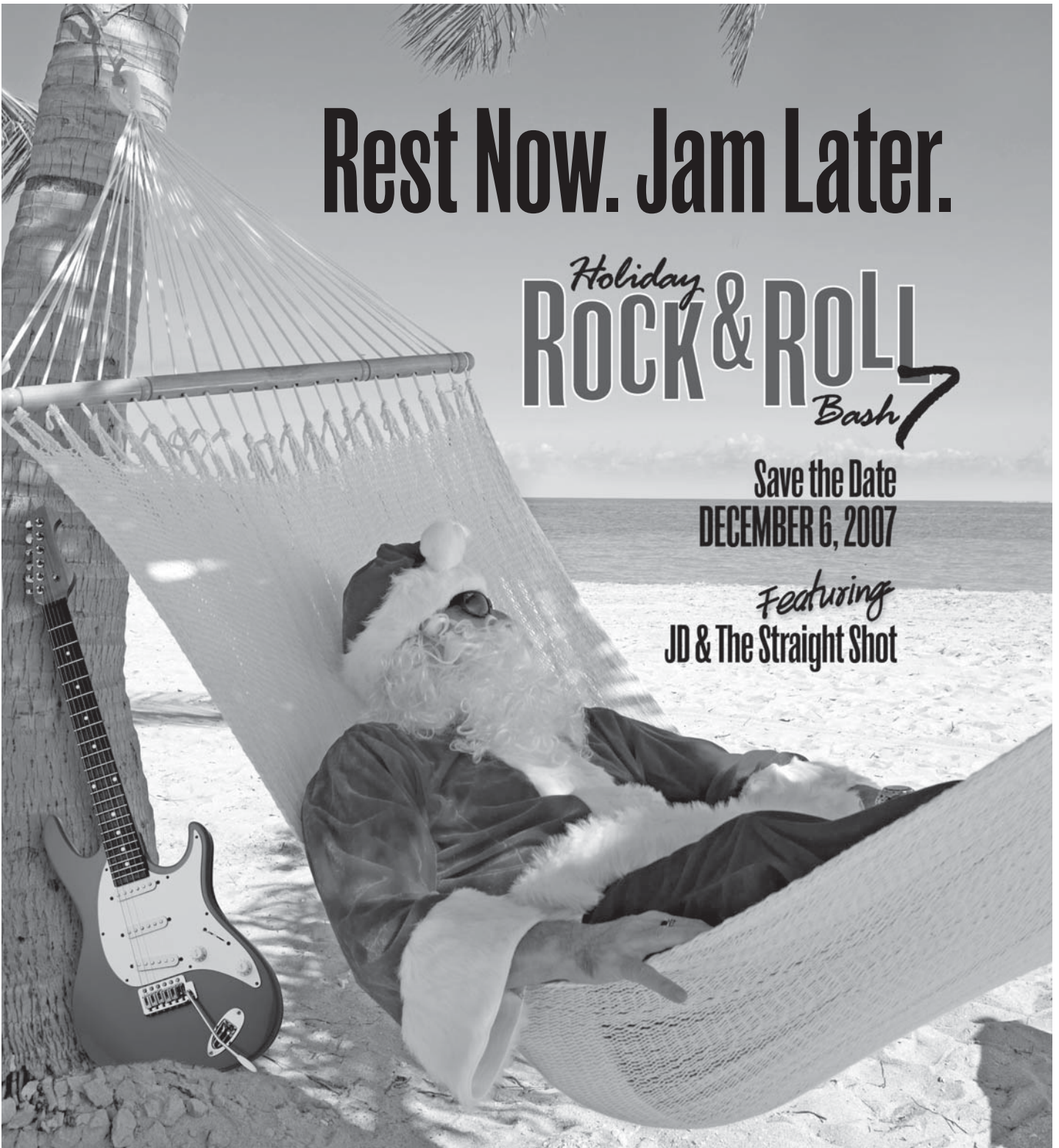
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