

CableFAX Daily™

Thursday — November 13, 2008

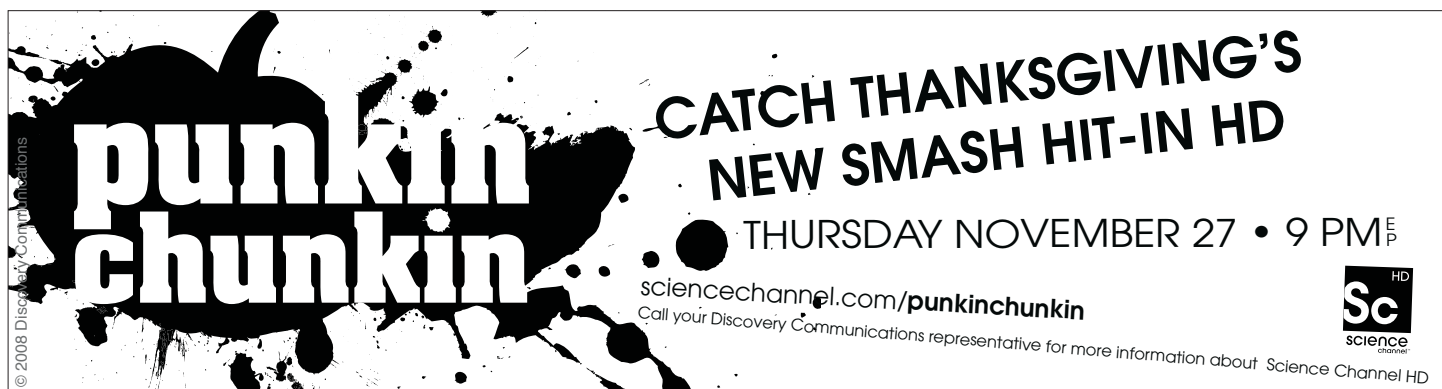
What the Industry Reads First

Volume 19 / No. 221

Witch Hunt? NCTA Slams FCC's Digital Migration Inquiry

With cable ops required to respond by Thurs (11/13) to an FCC investigation into the impact of cable's digital migration on consumers, NCTA charges that the Letters of Inquiry sent to 13 cable ops are an abuse of the FCC's processes and violate the Paperwork Reduction Act. "A broad fishing expedition involving substantially an entire industry is not a legitimate investigation but an information collection that is masquerading as an investigation," NCTA pres/CEO *Kyle McSarrow* wrote in a letter Wed to the 5 FCC Commissioners. The FCC Enforcement Bureau issued the LOIs on Oct 30, asking companies to provide info on analog-to-digital changes since Nov '06. NCTA has no problem with the FCC inquiring about cable's migration, but the process. "13 apparently identical LOIs issued to companies that in total serve over 86% of the nation's cable customers are LOIs in name only," McSarrow wrote. "By any calculation, that is an 'industry wide' request which is more appropriate for a Commission-issued Notice of Inquiry or reporting requirement than an Enforcement Bureau-issued LOI." Each company will respond, McSarrow said, but he asked that they be rescinded so that a more "constructive discussion" might occur. Operators were given 14 calendar days to respond, which he said was unreasonable given the volume of information sought. The Bureau has several other outstanding LOIs out there with 14 day response times. Between Oct 24-Nov 3, at least 2 NCTA member companies have been asked to respond to: 1) an LOI on their use of switched digital video. 2) an LOI on analog-to-digital migration practices and 3) an LOI on compliance with the FCC's digital transition consumer education and outreach requirements. At least 6 cable companies recently received LOIs on switched digital, NCTA said. McSarrow scoffed at the notion that some of the LOIs are based on complaints the Bureau received because "several" of the companies receiving requests "have never deployed SDV in any of their systems." McSarrow closed his letter by saying he recognized that NCTA's response to the LOIs is "highly unusual," but that recent actions "so diverge from standard practice that we believe a public response is warranted." Companies receiving LOIs include: **Bend Cable, Bright House, Cablevision, Charter, Comcast, Cox, GCI, Harron, Midcontinent, RCN, Suddenlink, Time Warner Cable and Verizon.**

LCD Conspiracy: The Dept of Justice is fining 3 top electronics makers \$585mln for conspiring to fix prices in the sale of LCD panels for 5 years. **LG Display**, a South Korean corp, will pay \$400mln—the 2nd highest criminal fine ever imposed by the Dept's antitrust div. **Sharp** and **Chunghwa Picture Tubes** will pay \$120mln and \$65mln, respectively. LG agreed to plead guilty to participating in a conspiracy from Sept '01 to June '06 to fix the price of TFT-LCD panels sold worldwide. During the time, LG Display was known as **LG.Philips LCD** (a jv between **LG Electronics** and **Philips Electronics**), and **LG Display America** was known as **LG.Philips LCD America Inc**. Sharp is charged with participating in 3 separate conspiracies to fix the prices of panels sold to **Dell, Motorola** and **Apple**. All 3 are charged with agreeing in meetings to charge pre-determined prices. LCD screens are used in TVs, computer monitors, mobile phones and other devices.




punkin chunkin

CATCH THANKSGIVING'S
NEW SMASH HIT-IN HD

THURSDAY NOVEMBER 27 • 9 PM^E

sciencechannel.com/punkinchunkin
Call your Discovery Communications representative for more information about Science Channel HD

© 2008 Discovery Communications



CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax:301/738-8453 ● Editor-in-Chief: Amy Maclean, 301/354-1760, amaclean@accessintel.com ● Exec Editor, Michael Grebb, 301/354-1790, mgrebb@accessintel.com ● Assoc Editor, Chad Heiges, 301/354-1828, cheiges@accessintel.com ● Asst VP, Ed Director, Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 240/753-5696, dvodenos@accessintel.com ● Advertising Mgr: Erica Gottlieb, 212/621-4612 ● Marketer: Doreen Price, 512/934-7857, dprice@accessintel.com ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, 301/354-1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Paul Maxwell/Columnist ● Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs : Angela Gardner, 757/531-1369, cfaxgroupsub@accessintel.com

Competition: It's not **DirecTV's NFL Sunday Ticket**, but **ESPN** and **Verizon** have teamed up to offer a cool fantasy football widget. It provides **FIOS TV** customers who are also **ESPN Fantasy Football** players instant on-screen access to personalized stats such as fantasy game scoring, box scores and player info. -- **Verizon** has inked a deal with **BigBand** for delivery of an advanced video service infrastructure to expand its **FIOS TV** roll out. The video service is currently available in 7mIn homes.

In the States: **Insight's** gearing up to launch **Digital 4.0** in late Nov and Dec. The upgrade will include many more HD channels, including **ESPNU** and **Disney**, as well as some SD launches, such as **Fox Business** and **Chiller**. Also on tap is a **VOD** expansion, with **4K VOD** programs to be offered for free. As for broadband, the **MSO** is testing a **100Mbps** service in **Louisville**, where a doctor is using the service to electronically transfer medical imaging to and from his office. No timetable has been given for a widespread **DOCSIS 3.0** rollout.

Research: A study from **Keynote Competitive Research** shows that **Comcast's** VoIP service excels in audio quality while **Time Warner Cable's** shines in reliability. The study compared the relative performance of **AT&T's** landline service with the 2 **MSOs** plus 6 broadband VoIP providers including **AT&T**, **Verizon** and **EarthLink**. **Time Warner Cable's** reliability ranked 2nd among the group, with **AT&T's** landline the leader and **Verizon's VoiceWing** in 3rd. **Comcast** proved best in audio quality, and was followed by **Verizon** and **AT&T's** landline service. **Comcast** and **Verizon** were noted for dramatic improvement. -- 34% of American homes (40mIn) have at least 1 **HDTV**, but only 58% of those **HHs** currently watch high-def programming from a multichannel provider, according to **Leichtman Research**. Just 7% purchased a **HDTV** due to the quality of HD programming or the number of HD channels available, and 9% of HD owners switched multichannel providers after they purchased their TVs. **Leichtman** expects the number of **HDTV** homes to double over the next 4 years.

Programming Deals: **Turner Sports** pulled out of the running to renew its **British Open** deal. This clears the way for **ESPN** to pay **R&A** about \$25mIn/year for 6-7 years to put all 4 rounds of the golf tourney on the net, *Sports Business Daily* reported, citing sources. Next year will be **TNT's** final year of covering the **Open**, with plans to air about 28 hours during 4 days of coverage. "We are disciplined in our approach to negotiating programming rights," **Turner Sports** pres **David Levy** said. "While we were unable to reach terms on future rights that made economic sense for our company, we respect and value the **R&A** and our partnership of the past 6 years..."

Online: **MySpace** has launched a free embeddable app allowing users to search for and watch content from **Hulu.com**, **Warner Bros**, **Sony** and **MySpaceTV** originals. -- **Comcast's Fancast.com** now offers "Our TV Picks," a digital video guide through which users can engage in conversations with each other and 4 bloggers who will discuss the site's best content.

Ratings: **Nickelodeon** scored big Sat night with "iGo To Japan," a movie based on net series "iCarly," and the series premiere of "True Jackson." The movie became the net's highest-rated live-action TV movie ever among kids 2-11, kids 6-11 and total viewers (7.6mIn), and the series bowed with the net's largest audience ever for a live-action series debut among kids 6-11, tweens and total viewers (3.4mIn).

Programming: **FX** is set to bring back "Nip/Tuck" (Jan 6) and "Damages" (Jan 7). -- **Discovery Channel** bows Thurs (8pm) "HowStuffWorks," a weekly series based on the eponymous Website that **Discovery Comm** purchased in Dec.

LOOK-A-LIKE
BE A STAR
OR AT LEAST
LOOK LIKE ONE!

WEDNESDAYS 8/7c

TV
GUIDE
NETWORK

BUSINESS & FINANCE

Public Affairs: Cablevision and The Lustgarten Foundation for Pancreatic Cancer Research have launched a VOD Lustgarten channel, allowing digital cable subs to learn more about the disease. It rolled out in Nov in recognition of Pancreatic Cancer Awareness Month. The channel is interactive, featuring a request for information button.

On the Circuit: To kick off its holiday screening, **Hallmark** will host screenings of 3 of its upcoming movies over the next week with pres/CEO *Henry Schleiff* in attendance. The first premiere is of "Accidental Friendship," Thurs in L.A. Next is "An Old Fashioned Thanksgiving" starring *Jacqueline Bisset* in NYC, and last is "Moonlight & Mistletoe" in Kansas City—home of Hallmark Channel parent Hallmark Cards. -- **NAMIC Mid-Atlantic** will hold a Diversity Lunch, Nov 21, 12-2, Grand Hyatt, DC. Panelists include **Cox** chief people officer *Mae Douglas*, **CNN** anchor *Tony Harris* and Scripps' *Lisa Choi Owens*. Visit namic.com/events/.

People: **Golf Channel** appointed *Earl Marshall* svp, finance, strategy and business dev. -- Former **Charter** COO *Maggie Bellville* has joined the board of cable TV acquisition and retention firm **RCH Cable**.

Business/Finance: **Microsoft** and **Verizon Wireless** are nearing a deal in which Microsoft would become the default search provider on Verizon handsets, according to *WSJ*.

CableFAX Daily Stockwatch

Company	11/12 Close	1-Day Ch	Company	11/12 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMDOCS:	17.71	(0.53)
BRITISH SKY:	23.57	(1.23)	AMPHENOL:	22.24	(2.06)
DIRECTV:	19.68	(1.27)	APPLE:	90.12	(4.65)
DISNEY:	20.16	(1.62)	ARRIS GROUP:	5.87	(0.27)
ECHOSTAR:	11.40	(0.08)	AVID TECH:	13.74	(0.42)
GE:	16.29	(1.52)	BIGBAND:	4.14	(0.19)
HEARST-ARGYLE:	10.90	(1.58)	BLNDER TONGUE:	1.10	0.05
NEWS CORP:	7.32	(0.56)	BROADCOM:	14.99	(0.95)
MSOS					
CABLEVISION:	13.61	(0.81)	CISCO:	16.55	(0.63)
CHARTER:	0.35	(0.03)	COMMSCOPE:	10.99	(1.49)
COMCAST:	14.97	(0.77)	CONCURRENT:	3.43	(0.18)
COMCAST SPCL:	14.49	(0.81)	CONVERGYS:	5.47	(0.33)
GCI:	5.91	(0.52)	CSG SYSTEMS:	15.20	(0.43)
KNOLOGY:	4.45	(0.08)	ECHOSTAR HOLDING:	16.46	(0.89)
LIBERTY CAPITAL:	4.59	(0.41)	GOOGLE:	291.00	(20.46)
LIBERTY ENT:	13.05	(0.48)	HARMONIC:	4.92	(0.35)
LIBERTY GLOBAL:	13.88	(0.73)	JDSU:	3.19	(1.04)
LIBERTY INT:	3.46	(0.3)	LEVEL 3:	0.78	(0.1)
MEDIACOM:	3.88	(0.03)	MICROSOFT:	20.30	(0.9)
SHAW COMM:	17.10	(1.01)	MOTOROLA:	3.95	(0.39)
TIME WARNER CABLE:	17.39	(0.41)	NDS:	48.10	(0.38)
VIRGIN MEDIA:	4.89	(0.67)	NORTEL:	0.59	(0.27)
WASH POST:	385.40	(19.3)	OPENTV:	1.07	(0.08)
PROGRAMMING					
CBS:	6.07	(1.59)	PHILIPS:	16.56	(1.19)
CROWN:	2.39	(0.06)	RENTRAK:	10.80	0.00
DISCOVERY:	12.02	(1.59)	SEACHANGE:	7.31	(0.24)
EW SCRIPPS:	3.31	(0.11)	SONY:	21.11	(1.31)
GRUPO TELEVISA:	14.17	(0.93)	SPRINT NEXTEL:	1.95	(0.58)
HSN:	5.07	0.47	THOMAS & BETTS:	20.17	(2.33)
INTERACTIVE CORP:	15.69	(0.27)	TIVO:	5.76	(0.42)
LIBERTY:	26.54	(2.09)	TOLLGRADE:	4.43	(0.24)
LODGENET:	0.88	(0.03)	UNIVERSAL ELEC:	14.90	(1.54)
NEW FRONTIER:	1.65	(0.08)	VONAGE:	0.93	0.06
OUTDOOR:	5.87	(0.8)	YAHOO:	10.34	(1.01)
PLAYBOY:	1.92	0.24	TELCOS		
RHI:	6.34	(0.6)	AT&T:	26.18	(1.15)
SCRIPPS INT:	23.40	(1)	QWEST:	2.82	(0.11)
TIME WARNER:	8.61	(1.08)	VERIZON:	28.96	(0.76)
VALUEVISION:	0.48	0.01	MARKET INDICES		
VIACOM:	16.58	(2.19)	DOW:	8282.66	(411.3)
WWE:	12.43	(0.22)	NASDAQ:	1499.21	(81.69)
TECHNOLOGY					
3COM:	1.77	(0.25)			
ADC:	6.09	(0.36)			
ADVANTAGE:	1.78	(0.05)			
ALCATEL LUCENT:	2.24	(0.24)			

INSPIRATIONS REFLECTIONS

Celebrate the 2008 Accolade Award Honorees
Thursday, November 20, 2008, Grand Hyatt Washington, DC

Join WICT as we reflect upon a year of inspiring achievements and performances by outstanding individuals and organizations in the cable industry.

THE 2008 WICT

Benefit Gala

Purchase your table and tickets today! www.WICTGALA.org



Women in Cable
Telecommunications™

Think about that for a minute...

Resisting Change

We're hearing a lot about change these days, and there's little doubt that a lot of change is coming. The tenor of Washington will be vastly different not only because of an exciting new administration, but because our core understanding of the economy and the valuation of our companies and our services is changing. The one thing that doesn't seem to change is a concerted effort by some regulators and some special interest groups to resist any change in cable services.



Steve Effros

The latest resistance to change is a complaint by Consumer's Union, taken up as an "inquiry" from the FCC to most major cable operators, about changes from analog to digital services.

Now first we have to get something clarified: while there may still be some residual regulation of rates, no governmental entity has the right to tell cable operators what channels they do or do not have to carry, and on what tiers, other than the anomaly of local broadcast "must carry" and PEG. Having said that, there now seems to be a theory that if a cable operator has offered some channel on a basic, analog tier, and then in the process of migrating to digital delivery, something the FCC has pushed, and in some cases required, moves that channel to digital, it is somehow a violation of the rights of the consumer and should be stopped!

Cable changes its service offerings all the time. So does broadcast television, satellite, and virtually all other services. When NBC cancels a show, there's change. It doesn't violate any law. When cable offers "The Soap Channel" on basic, and then that channel morphs into something else, I'm sure some "Soap" addicts are disappointed, but it's not a federal case. It's simply change.

Arguments are now being raised about cable's shift from

analog to digital. Consumers, in order to get some programming that they were used to getting on "basic" in "analog," now may have to get a converter box, and their charges may change. Since a given channel may move from analog to digital, so the argument goes, there has been a rate increase on basic that should not be allowed. This is the type of resistance to change that has discouraged technology development for years. The same is true about the use of "switched digital" technology that may make it harder to use some older equipment.

We see change around us all the time, with cost implications to the consumer; none of them are considered worthy of government intervention. The gas station stops providing "full service" but still charges more for the gas. The cereal comes in a bigger, recycled cardboard container, but there's less in the box. The cell phone company now offers a "femtocell" for your house (a couple of hundred bucks) to make the service you were already paying for, actually work. And, indeed, the government decides to shift broadcasting to digital and the average price of a "Free TV" set shoots from \$300 to \$1000! All of these changes are happening, but they're not the subject of FCC or FTC inquiries, so long as what is being done is fully explained and transparent.

But not when it comes to moving, adding or subtracting cable channels! Why? This resistance to change impedes technology development (cable's digital transition, after all, is a key element in expanding higher speed broadband deployment). Consumers retain their power to either accept or reject those changes. Regulators should be the last ones to participate in efforts to resist that change, particularly change they have promoted.

Steve

T:703-631-2099
steve@effros.com

100
CableFAX

Join Us in Honoring the CableFAX 100 "Hot List"

CableFAX: The Magazine CableFAX 100 Issue
Publication Date: December 1
Ad Space Close: November 17

CableFAX Top 100 Awards Luncheon
December 2, 2008 - National Press Club, Washington DC
Register at CableFAX.com