

# CableFAX Daily™

Wednesday — November 21, 2007

What the Industry Reads First

Volume 18 / No. 227

## FCC Showdown: 70/70, Leased Access, Multicast Must-Carry Teed Up For Tues

As expected, the FCC's slated to vote next Tues on a video competition report that presumably still concludes that cable has surpassed 70% penetration of homes passed by cable. The possible triggering of the 23-year-old 70/70 rule continued to generate buzz Tues, with the heads of **Disney, Viacom, NBCU** and **News Corp** writing a joint letter to FCC chmn *Kevin Martin* dissing such a move. "The reality is that consumers today enjoy a wider range of media choices than at any time in history," the 4 men wrote. "Ill-considered and unjustified govt interventions cannot be permitted to undermine this vibrant American industry." Even Martin's fellow Republicans are against him, with 23 Republicans on the House Commerce Committee, including Ranking Member Joe Barton (R-TX), asking the FCC to detail the data it's using to argue for new mandates to the cable industry. "Such actions are unsupported by the record of significant competition in the video programming marketplace, and would be harmful to innovation and consumers," the Republicans wrote. Republican commish Robert McDowell has indicated he wouldn't vote for a report that concludes the 70/70 test has been met, and Deborah Taylor Tate appears to have concerns about it as well. Joining **NCTA** in arguing that the 70/70 test neither has been met nor allows for broad regulation of cable is the **US Chamber of Commerce**. Also on Tues' jam-packed FCC agenda is an order to slash the lease accessed rate and look at program service rules (this is likely where the arbitration proposal supported by **NFL Net** and **Hallmark Channel** would come into play). Other items of interest include a media ownership item aimed at increasing participation of minorities and women in broadcast. Presumably, this is Martin's plan for allowing independents to lease digital spectrum from broadcast stations. Cable's key problem with this is that Martin wants to extend must-carry rights to the new, leased stations.

## Games On: NFL Net Still Cable Challenged

Unless the **NFL** achieves great results among federal and state lawmakers, expect the rancor between **NFL Net** and major cable ops such as **Comcast** and **Time Warner Cable** to continue as a holiday tradition until at least '09. During a Tues conference call, even NFL commish *Roger Goodell* expressed doubt about obtaining digital basic carriage from major MSOs this season. Instead, the league is looking forward to the Apr '09 expiration date of the net's contract with Comcast as an opportune time to increase negotiating leverage. As deals expire, the net could possibly pull its feed off of sports tiers and/or systems altogether, a move that it hopes will increase the public outcry over game shutouts to the cacophonous levels it has been working so tirelessly to induce. As it stands now, however, Comcast and Time Warner Cable aren't budging, citing the receipt of minimal customer backlash, even as the net's 8-game slate is set to kick off Thurs (of course, the net counters with the opposite viewpoint). Yes, NFL Net's game schedule is more compelling than last year's—the popular Cowboys are slated twice (once against the Packers) and the Patriots will appear in Dec—but teams' home markets may still access the games via local broad-



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cast channels. Plus, the league is unable to add games (read: bargaining chips) until its contracts with **ESPN**, **Fox**, **NBC** and **CBS** expire next decade. Enter the escalating rhetoric from the league, which Goodell further perpetuated Tues. Many customers claim that Comcast and Time Warner Cable reps are saying that a deal with NFL Net is imminent when questioned about the situation, he said. The pair denies the claim. Meanwhile, the league's recent gambit seeking binding arbitration with cable ops at the **FCC** got a thumbs down from Sen Judiciary ranking member *Arlen Specter* (R-PA). "The proposition that an enterprise [NFL] with such vast market power needs the government to intervene on its behalf in business negotiations is simply untenable," wrote Specter in a Mon letter to FCC chmn *Kevin Martin*. "The only possible outcome would be higher costs for customers."

**Pay Up:** The monthly price of **FiOS TV's** most popular programming package is set to increase 11.6% next year, the telco said, constituting the 2nd hike in as many years. Subs that sign up after Jan 20 must pay \$47.99/month for the "Premier" package, while customers that added FiOS in '06 will face a 7.6% increase to \$42.99. '07 subs, to which the latter pricing applies, will pay the same amount next year. The cost of myriad set tops, premium channels and specialized programming packages will also increase. Bundle contracts will be honored until expiration. The hike "likely signals Verizon's confidence in the strength of their video product, and their ability to gain share even without aggressive discounting," wrote **Sanford Bernstein** in a research note, adding that the price increase will "almost certainly" be larger than any instituted by cable or satellite ops. It also should signal to legislators that more factors impact pay-TV price jumps than just a dearth of competition, said the firm. -- The telco has also jacked up FiOS Internet speeds through symmetrical services in 16 states, offering downstream and upstream connections of up to 50Mbps/20Mbps.

**New Breath:** **Bravo** employees began Tues with a quick town hall meeting with pres *Lauren Zalaznick* in which she announced that she'd be adding oversight of **Oxygen** to her plate, as many expected. Her message was that she'd never take on the additional role if Bravo didn't have the team in place to handle it. "I have a ton of bandwidth," Zalaznick told **Cfax** about her decision. "It is in our wheelhouse of expertise. I don't know what to do right away, but I know what to look at to start to figure out what to do." **NBCU** announced completion of its \$875mln acquisition of Bravo on Tues, less than 45 days after the deal was announced. One of the 1st orders of business will be the inevitable elimination of redundant jobs as NBCU adds Oxygen to its cable stable. "When you're an independent, you have to have everything from your own payroll department on up," said pres/COO of Universal TV Group *Jeff Gaspin*. "There will be changes and adjustments there." Gaspin added that he should have a better sense of those details in the next 7-10 days. One Oxygen employee has already left the building. Programming/marketing pres *Debby Beece* resigned Fri. As previously announced, Oxygen chief *Gerry Laybourne* will leave the company at year-end. Oxygen pres/COO *Lisa Gersh* will remain in her role through a 3-month transition period before assuming a new, undefined position at NBCU. Near the top of Zalaznick's to-do list is brand building for Oxygen.

**In the Courts:** The Appeals Court for the DC Circuit approved **Comcast's** motion for an expedited review of the **FCC's** decision not to grant it a waiver to the July 1 set-top box rules requiring separable security. Final briefs are due Feb 29. -- *The Red Hot Chili Peppers* are, well, heated over **Showtime's** "Californication," alleging in a lawsuit filed Mon in L.A. that the series' title violates federal trademark law as it's also the name of the band's '99 album. The band wants the net to rename the show and turn over all related profits, and is also seeking unspecified dam-

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# BUSINESS & FINANCE

ages. Showtime had no comment, saying it has yet to review the suit. Adding intrigue to the litigation is the Chili Pepper's additional claim that one of the show's characters is named or nicknamed "*Dani California*," the title of a '06 single from the band.

**Deals:** **NewWave Comm** acquired approx 11K video subs serving areas of Central IL from **Charter**. **RBC Daniels** represented Charter.

**In the States:** **Time Warner Cable** has refashioned its local Buffalo channel into **Time Warner Cable SportsNet**, a sports-centric play featuring minor league hockey games, college athletics events including Syracuse basketball and **NASCAR** coverage. -- A partnership between **Cablevision** and NY-area retailer **P.C. Richard & Son** allows customers to sign up for video, Internet and phone at 35 locations.

**Obit:** A family of cable execs is mourning the loss of *Viola Pittelli*, who died after a struggle with pancreatic cancer. Her family includes daughters *Joann Pittelli* (used to manage part of the **Western Show**) and *Mary Pittelli* (now at **Discovery**) as well as sons-in-law *Paul Rodriguez* of **NCTA** and *Michael Collette*, most recently of **Narad**. Donations to: **Lustgarten Foundation** (111 Stewart Ave, Bethpage, NY 11714).

**Editor's Note:** Your next issue of **Cfax** will be dated Mon, Nov 26. Don't eat too much turkey.

## CableFAX Daily Stockwatch

Company	11/20 Close	1-Day Ch	Company	11/20 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	51.45	0.52	AMPHENOL:	40.83	(0.14)
DIRECTV:	24.53	(0.04)	APPLE:	168.85	4.90
DISNEY:	31.55	0.30	ARRIS GROUP:	10.05	0.15
ECHOSTAR:	43.24	(4.25)	AVID TECH:	25.59	(0.71)
GE:	38.04	(0.12)	BIGBAND:	5.85	(0.11)
HEARST-ARGYLE:	19.76	(0.16)	BLNDER TONGUE:	1.54	(0.02)
ION MEDIA:	1.28	(0.02)	BROADCOM:	28.03	(0.48)
NEWS CORP:	21.61	0.29	C-COR:	11.51	0.08
TRIBUNE:	28.19	(0.85)	CISCO:	29.04	(0.39)
<b>MSOS</b>					
CABLEVISION:	25.58	(0.17)	COMMSCOPE:	38.32	(1.09)
CHARTER:	1.24	(0.04)	CONCURRENT:	0.91	(0.02)
COMCAST:	19.37	0.02	CONVERGYS:	16.70	(0.1)
COMCAST SPCL:	19.22	0.01	CSG SYSTEMS:	16.80	(0.46)
GCI:	8.90	(0.21)	GEMSTAR TVG:	5.20	(0.31)
KNOLOGY:	12.77	(0.22)	GOOGLE:	648.54	22.69
LIBERTY CAPITAL:	113.00	(0.76)	HARMONIC:	10.36	0.24
LIBERTY GLOBAL:	36.33	(0.43)	JDSU:	13.06	(0.11)
LIBERTY INTERACTIVE:	19.65	(0.01)	LEVEL 3:	3.18	(0.08)
MEDIACOM:	3.97	(0.23)	MICROSOFT:	34.58	0.62
NTL:	28.22	0.00	MOTOROLA:	15.78	(0.26)
ROGERS COMM:	42.97	0.00	NDS:	57.05	0.26
SHAW COMM:	23.73	(0.5)	NORTEL:	17.03	(0.39)
TIME WARNER CABLE:	24.93	(0.31)	OPENTV:	1.06	(0.04)
WASH POST:	793.43	0.33	PHILIPS:	40.38	0.50
<b>PROGRAMMING</b>					
CBS:	26.28	(0.29)	RENTRAK:	14.10	(0.48)
CROWN:	7.06	0.00	SEACHANGE:	5.33	(0.02)
DISCOVERY:	23.72	0.89	SONY:	48.14	0.82
EW SCRIPPS:	44.72	0.16	SPRINT NEXTEL:	15.05	(0.01)
GRUPO TELEVISA:	23.21	(0.29)	THOMAS & BETTS:	50.05	(0.59)
INTERACTIVE CORP:	27.57	(0.03)	TIVO:	6.04	(0.24)
LODGENET:	17.73	(0.28)	TOLLGRADE:	7.79	0.31
NEW FRONTIER:	5.00	(0.01)	UNIVERSAL ELEC:	33.87	0.73
OUTDOOR:	7.19	0.18	VONAGE:	2.16	(0.01)
PLAYBOY:	9.41	(0.16)	VYYO:	4.49	(0.56)
TIME WARNER:	16.86	0.04	WEBB SYS:	0.07	0.00
UNIVISION:	36.23	0.00	YAHOO:	26.72	(0.04)
VALUEVISION:	5.41	0.43	<b>TELCOS</b>		
VIACOM:	40.74	(0.83)	AT&T:	38.03	0.28
WWE:	14.76	0.16	QWEST:	6.36	(0.02)
<b>TECHNOLOGY</b>					
3COM:	4.56	(0.05)	VERIZON:	43.16	0.11
ADC:	15.82	(0.08)	<b>MARKET INDICES</b>		
ADVANTAGE:	5.73	0.00	DOW:	13010.14	51.70
ALCATEL LUCENT:	7.83	0.01	NASDAQ:	2596.81	3.43
AMDOCS:	31.45	(0.39)			

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