

CableFAX Daily™

Wednesday — December 1, 2010

What the Industry Reads First

Volume 21 / No. 231

Leveling Accusations: Comcast, Level 3 and the FCC

FCC chmn *Julius Genachowski* said Tues that it's "premature" to comment on **Level 3's** accusations that **Comcast** is violating open Internet principals, but said that the agency is "looking into it." The FCC was expected to announce late Tues for the Dec agenda a net neutrality item that is centered on Title I, although Genachowski was mum on the subject during a press conference. He did say that he is "proud of the process" for net neutrality and that the agency has engaged with "the broadest array of stakeholders." Sens *John Kerry* (D-MA), *Byron Dorgan* (D-ND) and *Ron Wyden* (D-OR) urged the FCC to bring the net neutrality rulemaking to a conclusion this month. "While time consuming, we think the deliberation and discourse has moved the center of opinion within the community of experts, industry, and advocates to a principled compromise that is sustainable and will work," the trio wrote in a letter Tues. As for whether Comcast-NBCU will get done by year-end, there was no comment from the FCC on the timing. Comcast sent a letter Tues to FCC Wireline Bureau chief *Sharon Gillett* summarizing a phone call Mon after Level 3 issued its press release. "Notwithstanding Level 3's claims, this is not about online video, it is not about 'paid prioritization,' it does not involve putting 'toll booths' on the Internet, and it is not about net neutrality," Comcast's *Joe Waz* wrote. "Indeed, if anything, it is Level 3 that is seeking 'non-neutral' treatment that would favor its network traffic over those of all its competitors." Level 3 has said that Comcast recently forced it to pay a new recurring charge to transmit online movies and other content to Comcast customers requesting such content. Comcast said it has asked Level 3 to enter into commercial negotiations to account for the "vast increase in the amount of traffic" it wants to send to Comcast's network. Earlier this month, Level 3 was named one of **Netflix's** primary content delivery networks. "In order to undercut its CDN competitors, Level 3 wants to avoid the commercial arrangements other CDN companies use to terminate traffic onto Comcast's and other providers' networks, and instead force Comcast to accept its CDN traffic for free, under a 'peering' relationship," Waz wrote, adding that the parties engaged in discussions Tues morning. If they are unable to resolve the issues satisfactorily in these talks, Waz said Comcast would be pleased to participate in a meeting between the 2 overseen by FCC staff. For its part, Level 3 said it's regrettable that Comcast has sought to portray this as "a commercial agreement or peering dispute... Instead, the fundamental issue is whether Comcast, as the largest cable company in the country with absolute control over access to its cable TV and broadband access subscribers, has the right to unilaterally set a 'price' for that access that effectively discriminates against competitors of Comcast's cable and Xfinity content." There was plenty of reaction Tues to the Level 3-Comcast clash, with **Citadel Securities** seeing things similarly to Comcast. "In our view, this issue has nothing to do with net neutrality, and is a day-to-day business dispute between 2 companies," the firm told clients. Citadel said that Level 3 competitors **Limelight** and **Akamai** continue to pay Comcast fees for use of its network as part of a standard industry practice and suggested Level 3 is trying to exploit a loophole in its peering relationship as the owner of a Tier 1 network as well as a CDN. No matter what, the allegations—coupled with a complaint from modem maker **Zoom Tech**—come at a bad time for Comcast. If the new fees

we move in

premieres january 25
tuesdays 9:00PM/8:00C

JOAN & MELISSA
joan knows best?

Joan's moving in. Melissa's freaking out.

we TV
rainbowaffiliate.com

CableFAX

Celebration of Leadership

100
CableFAX

December 9, 2010
Luncheon
12:00 – 2:30pm
Grand Hyatt, NYC

Join us for the CableFAX 100 Luncheon, as we salute the cable leaders, pioneers, influencers, out of the box thinkers and rainmakers.

Special Guests

Canoe Ventures CEO **David Verklin**, will discuss advanced advertising and how it will evolve in 2011 and beyond. Along with, Fox Networks Group chief **Tony Vinciguerra** who will accept the coveted Leadership Award for his stewardship of the Fox brand across all platforms and Bank of America Merrill Lynch's **Jessica Reif Cohen**, who will discuss her thoughts on cable's future outlook.



David Verklin
Canoe Ventures



Tony Vinciguerra
Fox Networks Group



Jessica Reif Cohen
Merrill Lynch

This must-attend industry event brings together the power list of the cable business as we honor the CableFAX 100 and The Regional Top Players. **Register Today at www.cablefax.com/cablefax100**

Sponsor:



Advertise or Sponsorship Details Contact:

Debbie Vodenos, Publisher, dvodenos@accessintel.com or 301.354.1695
Amy Abbey, Associate Publisher, aabbey@accessintel.com or 301.354.1629

Register today at www.cablefax.com

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 ● Senior Online Editor: Chad Heiges, 301.354.1828, cheiges@accessintel.com ● Asst VP, Ed Director: Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 301.354-1695, dvodenos@accessintel.com ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Carol Brault, 301.354.1763, cbrault@accessintel.com ● Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Carol Brault, 301.354.1763, cbrault@accessintel.com

are tied to a type of traffic, then it would “trigger concerns stressed by certain tech/edge and public-interest groups, that a vertically integrated broadband network operator is discriminating against competing content,” **Stifel Nicolaus** said. “If the new charge turns out to be solely based on increasingly imbalanced traffic and is unrelated to the type of traffic, then that should not provide a clear-cut basis for moving against the company either in the net neutrality proceeding or the Comcast-NBCU merger review, in our view.” **Sanford Bernstein’s Craig Moffett** said that Level 3’s implied claims of traffic discrimination appear unfounded, but that the charge is likely to create a political firestorm—if not at the FCC, at least with the general public and tech press. Indeed, public interest groups were already making a lot of noise over the allegations, with **Progressive Change Campaign Committee** sending out an email petition to pressure Genachowski to act, with more than 73K signatures as of Tues evening.

At the Portals: The **FCC** officially launched its initiative to free up spectrum for wireless broadband by a unanimous vote at Tues’ open meeting. The action lays the ground work for reallocating some broadcast spectrum for use by wireless companies. Proposed rules would allow broadcasters to share a 6Mhz channel and adjust power levels for VHF. “NAB has no quarrel with incentive auctions that are truly voluntary,” **NAB** pres/CEO *Gordon Smith* said after the meeting. “Going forward, we believe policymakers have an obligation to maintain digital TV services currently provided by broadcasters and to allow free TV viewers to benefit from DTV video innovations. NAB will oppose government-mandated signal strength degradations or limitations, and new spectrum taxes that threaten the future of free and local broadcasting.” Rep *Ed Markey* (D-MA) said he plans to introduce legislation next year on a variety of spectrum issues, including actions necessary to make 300Mhz of spectrum available within 5 years and 500Mhz available within 10. “Spectrum is the oxygen of the Internet ecosystem, and its looming scarcity needs to be addressed to ensure the continued growth of the wireless broadband applications and services that help power our economy,” he said.

On the Hill: The House Commerce, Trade and Consumer Protection subcmte holds a hearing Thurs on the feasibility of providing Web users a simple opt out from having online activity tracked by data-gathering firms. Invited witnesses include **Time Warner Cable** evp, chief govt relations officer *Gail MacKinnon* and **Symantec** vp, research *Joe Pasqua*.

In the States: **Comcast** bowed 24-hour cricket channel **NEO Cricket** in CA, as an a la carte service in most state markets. -- **Cox** launched a \$14.99/month tech support service in CT and RI offering customers help with home networking and peripheral equipment, resolution of computer crashes and removal of viruses or spyware. Support services are available via phone, remote log-in or in-home visits, and the subscription requires a \$100 initial home computer tune-up.

OTT Research: Online streaming service **ivi TV** added live TV broadcasts from the L.A. market to its service that includes content from NYC and Seattle. -- 51% of 18-34s would view regularly-watched TV programs through a fee-based **Hulu**, **Netflix**- or **iTunes**-type option, according to **Ipsos**, which said the demo particularly likes a pay-per-download/stream model. Among all consumers, data showed that viewers are more likely to re-watch comedies than any other genre, and that reality TV viewing after broadcast is more of an occasional activity. -- Based on profiles of more than 40 OTT service ops and device vendors, **MRG** projects global growth of OTT video services will top \$1bln in '10 and \$20bln in '14. -- The vast majority of consumers plan to maintain traditional pay-TV subscriptions despite the increased use of alternative video viewing platforms, according to **Frank N. Magid Assoc.** [*Go to CableFAXDaily.com for more subscriber-exclusive info*].

PRESENTED BY **CABLEVISION**

Holiday
ROCK & ROLL
Bash 10

TO BENEFIT
THE LUSTGARTEN FOUNDATION

Call 516.803.2354 or visit
www.Lustgarten.org/Bash10

Cablevision's support of The Lustgarten Foundation ensures that 100% of every donation goes directly to pancreatic cancer research.

Find out more at curePC.org

Hard Rock
CAFE

DECEMBER 9, 2010
NEW YORK CITY

BUSINESS & FINANCE

Editor's Note: Don't miss our next Webinar, "Selling 3DTV," with a panel including reps from **ESPN, 3D Net, Motorola** and **DirecTV**. Register at <http://www.cablefax.com/cfp/webinars/>.

Ratings: "Punkin Chunkin 2010" posted a record cume rating of 1.98/1.51m among 25-54s between a **Discovery Channel** and **Science Channel** simulcast on Thanksgiving Day. Also, it became the highest-rated program on Discovery since Aug 1 and with a 0.85 notched Science Channel's highest HH rating in history. -- Including all TV networks, the premiere of **Cartoon Net's** "Fire-breather" ranked as the top telecast of Nov 24 among all kids and boys demos. It also delivered 3.69m viewers ages 2+.

Programming: **TV Land** greenlit original pilots for "Happily Divorced," based on *Fran Drescher's* real-life dealings with dating after finding out her husband is gay, and "Rip City," an office comedy about a regional beverage co that receives an Ivy League-educated female boss.

Business/Finance: **CSG Systems** completed its acquisition of **Intec Telecom**, a UK-based provider of BSS software serving 60 of the world's top 100 comm service providers. Through the deal CSG becomes the 2nd-largest provider of BSS solutions globally.

Oops: **Comcast's** Website for **CSN CA** is IWantCSN.com.

CableFAX Daily Stockwatch

Company	11/30 Close	1-Day Ch	Company	11/30 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	41.53	UNCH	ARRIS GROUP:	10.01	(0.24)
DISH:	18.39	(0.08)	AVID TECH:	15.59	(0.2)
DISNEY:	36.51	0.09	BIGBAND:	2.98	(0.02)
GE:	15.83	(0.14)	BLNDER TONGUE:	2.17	0.02
NEWS CORP:	15.24	(0.3)	BROADCOM:	44.49	(0.58)
MSOS					
CABLEVISION:	31.67	0.24	CISCO:	19.16	(0.28)
CHARTER:	33.69	(0.4)	CLEARWIRE:	6.98	0.04
COMCAST:	20.04	(0.17)	COMMSCOPE:	31.61	(0.05)
COMCAST SPCL:	18.97	(0.13)	CONCURRENT:	4.78	(0.09)
GCI:	11.27	(0.48)	CONVERGYS:	12.89	(0.12)
KNOWLOGY:	15.39	0.49	CSG SYSTEMS:	18.84	(0.28)
LIBERTY CAPITAL:	57.58	(0.56)	ECHOSTAR:	20.17	(0.04)
LIBERTY GLOBAL:	35.26	(1.06)	GOOGLE:	555.71	(26.4)
LIBERTY INT:	15.46	(0.3)	HARMONIC:	6.76	UNCH
MEDIACOM:	8.45	(0.02)	INTEL:	21.16	(0.17)
SHAW COMM:	20.06	(0.31)	JDSU:	11.87	(0.21)
TIME WARNER CABLE:	61.54	(0.03)	LEVEL 3:	1.00	0.01
VIRGIN MEDIA:	25.48	(0.25)	MICROSOFT:	25.26	(0.05)
WASH POST:	377.02	(5.01)	MOTOROLA:	7.66	(0.11)
PROGRAMMING					
CBS:	16.84	0.44	RENTRAK:	26.40	(0.32)
CROWN:	2.63	(0.25)	SEACHANGE:	8.04	(0.2)
DISCOVERY:	40.78	(0.66)	SONY:	35.48	0.48
GRUPO TELEVISA:	23.30	0.23	SPRINT NEXTEL:	3.78	(0.14)
HSN:	28.35	0.07	THOMAS & BETTS:	44.45	(0.25)
INTERACTIVE CORP:	28.15	(0.24)	TIVO:	8.23	(0.14)
LIBERTY:	37.41	(0.25)	TOLLGRADE:	8.59	0.11
LIBERTY STARZ:	62.81	0.47	UNIVERSAL ELEC:	27.48	(0.32)
LIONSGATE:	7.21	(0.23)	VONAGE:	2.42	(0.02)
LODGENET:	3.10	(0.13)	YAHOO:	15.81	(0.56)
NEW FRONTIER:	1.92	(0.03)	TELCOS		
OUTDOOR:	6.49	(0.11)	AT&T:	27.79	0.09
PLAYBOY:	4.88	(0.06)	QWEST:	7.00	0.03
SCRIPPS INT:	50.95	(0.59)	VERIZON:	32.01	0.11
TIME WARNER:	29.49	(0.41)	MARKET INDICES		
VALUEVISION:	3.49	0.02	DOW:	11006.02	(46.47)
VIACOM:	43.91	0.61	NASDAQ:	2498.23	(26.99)
WWE:	14.02	UNCH	S&P 500:	1180.55	(7.21)
TECHNOLOGY					
ADC:	12.72	0.01			
ADVANTAGE:	3.43	0.09			
ALCATEL LUCENT:	2.74	(0.03)			
AMDOCS:	26.00	(0.13)			
AMPHENOL:	50.03	(0.58)			
AOL:	24.18	(0.01)			
APPLE:	311.15	(5.72)			

CableFAX Workshop

Taking Social Media to the Next Level

December 8, 2010 8:45am-4:00pm NYC

CableFAX's one-day workshop will focus on how to leverage the newest and most promising social media platforms for your cable promotions. The goal is to get you up to speed on many of the exciting new platforms that are below the radar now - but not for long. They will help you promote your program, your content, your brand and your business.

Questions: Elizabeth Brown at ebrown@accessintel.com or 301-354-1610.

Register Today! www.cablefax.com/dec8

