

CableFAX Daily™

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What the Industry Reads First

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Numbers Game: Cable Pricing, Telco Franchising On Horizon

By the look of the Beltway's tea leaves, FCC chmn *Kevin Martin* will try to relate rising cable prices to his long-expected plan to streamline video franchising for the telcos (see *USA Today's* Fri issue). Last week, in a speech to Georgetown's school of business, Martin churned out a list of cable rates and referred to the FCC's annual price survey (presumably the yet-to-be released 2005 report, which contains data as of Jan 1 2005). The average price for cable programming was \$43.33, with the price staying the same even when there is DBS competition, he said. But it drops to \$35.94 when a 2nd cable operator exists in a market (ie, a wireline overbuilder), Martin said. Because the 2005 report isn't yet released, it's hard to compare Martin's sneak-peek stats to the 2004 report—but we tried anyway. It appears that the avg monthly rate of cable has increased about 5% from \$41.29 for Jan 1, '04 and about 7% in areas where there's effective DBS competition. If those numbers hold, expect cable to point out that **Verizon** plans to raise its rates for new customers 7.6% in Jan to \$42.99. The most basic **AT&T** package listed on its Website (over 190 channels) starts at \$59.99. Martin, however, will probably base his argument on the idea that the avg rate declines where wireline overbuilder competition exists. That number was more stable, rising 2% from \$35.13. Cable has an answer for that as well (check out **Cox's** blog at digitalstraighttalk.com). Cox says Verizon's basic service is actually more expensive than its expanded basic service, \$47.98 vs \$43.99, because **FIOS TV** requires a \$5/month set-top converter that's not necessary for its service. "The short of this is that Cox does not price lower in markets where we face overbuild competition," the MSO said. -- The scuttle is that the pricing report and telco franchise proposal may be on the FCC's Dec 20 agenda, with *USA Today* reporting that commissioners are already reviewing it. **Cable Prices Drop \$2/Month!** At least they do in FCC press releases. The text of Martin's Thurs night speech originally quoted a \$45.04 monthly cable avg (for programming and equipment). The Commission issued a press release late Fri correcting the price to \$43.04.

On the Hill: Any uncertainty over whether Rep *Ed Markey* (D-MA) will chair the House Resources Committee or the Telecom Subcommittee next year is over, with Markey announcing he will seek the chairmanship of the telecom group.

Retrans: Life's looking better for **Mediacom** subs these days. Mediacom and **Sinclair** agreed to an extension late Thurs that will keep the broadcaster's stations on air until Jan 5 as they try to work out a long-term retrans deal. Sinclair was threatening to yank the stations at midnight Dec 1.

C-SPAN Promo: Need further evidence that *Rob Kennedy* and *Susan Swain* are running the show over at **C-SPAN**? Look to Thurs' board conference call in which the 2 were unanimously promoted to pres/co-COOs of C-SPAN. *Brian Lamb* is still firmly entrenched as chmn/CEO of the net, showing no signs of retiring in the near future, but the elevations should serve as an indicator to the industry that Lamb and the board are committed to keeping Swain and Ken-

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nedy in leadership posts. The duo have shared the evp gig since 1995.

Donnybrook Continues: EchoStar CEO *Charlie Ergen* on Thurs night urged DISH subs to visit a new Web site that may help restore their distant broadcast signals, a move that further miffed broadcasters. During the DISH show "Charlie Chat," Ergen touted www.mydistantnetwork.com, which went live Fri and asks customers to provide information to determine qualifications for the receipt of distant signals. It's operated by NPS subsidiary **All-American Direct**, which further irritated broadcasters only a day after the cadre and the NAB questioned the tactics of an EchoStar/NPS partnership (*Cfax*, 11/30). EchoStar counterpunched Thurs, saying "we are hopeful the courts will see through the Fox Network-led coalition of broadcasters, whose real intention is to deny consumers their freedom of choice and leave the Fox-owned DirecTV as a monopoly for distant networks." On Fri, broadcasters filed in a FL court a memorandum claiming "EchoStar's shell game is outrageous, and it is flagrantly in violation of this Court's Order... EchoStar is now specifically and expressly encouraging its subscribers who are losing distant network signals to obtain them from NPS using their existing EchoStar dishes and receivers."

Competition: Following its purchase of **Verizon Canada Holdings**, **America Movil** bought out Verizon's interest in **Verizon Dominicana**, which provides telecom services to more than 2.7mln customers in the Dominican Republic. Terms weren't disclosed.

Programming: **Discovery Channel** and **Animal Planet** will posthumously honor *Steve Irwin* on Jan 21 (8-10pm). The nets will simulcast the premiere of doc "Ocean's Deadliest" and feature a "Steve Irwin Tribute," in which *Terri Irwin*, family and friends will share personal stories about the late "Crocodile Hunter." -- *Robin McGraw* will host HGTV's "White House Christmas 2006" (Wed, 8pm), providing a look at holiday decorating inside the White House.

NAMIC's Mission: An impressive board of advisors will help **NAMIC** hone its diversity efforts in '07, NAMIC Pres *Kathy Johnson* told attendees of NAMIC's annual Holiday Benefit Gala Thurs night at the Marriott Marquis in NYC. The board includes big names like **ESPN** pres *George Bodenheimer*, **Time Warner Cable** CEO *Glenn Britt*, **Comcast** EVP *David Cohen*, **Cox** CEO *Pat Esser*, **Oxygen** chmn/CEO *Gerry Laybourne*, **A&E** pres/CEO *Abbe Raven*, **NatGeo** pres *Laureen Ong* and **Rainbow Media** pres/CEO *Josh Sapan*. Meanwhile, **Scripps Networks** pres *John Lansing*, who NAMIC honored for Scripps' diversity efforts, called diversity "a business imperative." He said Scripps has "much more work to do" in improving upper-level management diversity but that "this affirmation that we're headed in the right direction inspires us to work harder." Rep. *Xavier Becerra* (D-CA), who was also honored, said the debate over net neutrality, franchising and other issues must include diverse voices. "The sooner you are there at the table, the sooner we will have results for all of society," he said.

Honors: **AID Atlanta** honored *Pat Esser* Fri night for **Cox's** support of **Cable Positive's** Atlanta Chapter.

On the Circuit: Actress *Rosie Perez* graced a Fri breakfast hosted by **Cable Positive** and **Bloomberg** to recognize World AIDS Day. Perez spoke of her directorship of Cable Positive's Spanish-language AIDS campaign, and was joined in the program by an award presentation to *Maura Kehoe* and the viewing of AIDS PSA spots from Cable Positive. -- **CTAM's Summit** (July 23-25, DC) registration is now open for business. The early bird gets a lower rate. Visit: www.ctam.com/conferences/summit.

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CableFAX Week in Review

Company	Ticker	12/01 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	41.90	2.90%	27.10%
DIRECTV:	DTV	22.70	0.50%	60.80%
DISNEY:	DIS	33.09	0.50%	38.00%
ECHOSTAR:	DISH	36.59	(0.1%)	34.60%
GE:	GE	35.28	(1.1%)	8.50%
HEARST-ARGYLE:	HTV	25.62	1.50%	13.00%
ION MEDIA:	ION	0.61	(14.1%)	(33.7%)
NEWS CORP:	NWS	21.43	(1.8%)	30.50%
TRIBUNE:	TRB	31.81	(0.5%)	9.90%

Company	Ticker	12/01 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	27.94	0.60%	19.00%
CHARTER:	CHTR	2.80	1.40%	129.50%
COMCAST:	CMCSA	40.61	2.20%	56.70%
COMCAST SPCL:	CMCSK	40.54	2.50%	57.80%
GCI:	GNCMA	15.15	1.30%	46.70%
KNOLOGY:	KNOL	9.99	(0.8%)	160.20%
LIBERTY CAPITAL:	LCAPA	88.46	(1.3%)	11.60%
LIBERTY GLOBAL:	LBTYA	27.30	1.80%	21.30%
LIBERTY INTERACTIVE:	LINTA	22.84	(0.7%)	18.60%
MEDIACOM:	MCCC	8.00	(3.6%)	45.70%
NTL:	NTLI	24.60	2.50%	3.70%
ROGERS COMM:	RG	59.81	(2%)	42.20%
SHAW COMM:	SJR	30.71	(2.2%)	51.80%
TIME WARNER:	TWX	20.23	(1.3%)	18.80%
WASH POST:	WPO	736.45	0.20%	(0.7%)

Company	Ticker	12/01 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	29.75	(1.8%)	17.40%
CROWN:	CRWN	3.27	(5.5%)	(64.3%)
DISCOVERY:	DISCA	15.14	3.50%	3.50%
EW SCRIPPS:	SSP	49.11	0.60%	4.50%
GRUPO TELEVISIA:	TV	26.65	6.00%	32.40%
INTERACTIVE CORP:	IACI	35.94	1.20%	27.00%
LODGENET:	LNET	22.40	(0.9%)	60.70%
NEW FRONTIER:	NOOF	8.90	(1%)	36.30%
OUTDOOR:	OUTD	12.76	1.40%	(5.5%)
PLAYBOY:	PLA	11.57	(2.5%)	(16.7%)
UNIVISION:	UVN	35.45	0.20%	20.60%
VALUEVISION:	VVTV	13.15	(3.8%)	4.40%
VIACOM:	VIA	38.08	(11.7%)	(11.7%)
WWE:	WWE	15.99	0.30%	23.60%

Company	Ticker	12/01 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	4.07	(14.1%)	13.10%
ADC:	ADCT	13.60	(16.9%)	(16.9%)
ADVANTAGE:	AEY	4.13	4.60%	(32.8%)
AMDOCS:	DOX	38.55	(0.1%)	14.70%
AMPHENOL:	APH	68.05	(0.9%)	54.40%
ARRIS GROUP:	ARRS	11.59	(6.6%)	22.40%
AVID TECH:	AVID	39.21	1.40%	6.30%
BLNDER TONGUE:	BDR	1.84	(2.1%)	(5.6%)
BROADCOM:	BRM	32.34	(9.8%)	2.90%
C-COR:	CCBL	9.86	(2.1%)	102.90%
CISCO:	CSCO	26.69	(0.6%)	55.90%
COMMSCOPE:	CTV	30.26	(5.2%)	50.30%
CONCURRENT:	CCUR	1.90	(0.5%)	0.50%

Company	Ticker	12/01 Close	1-Week % Chg	YTD %Chg
CONVERGYS:	CVG	23.97	(2.3%)	51.20%
CSG SYSTEMS:	CSGS	27.31	(0.9%)	22.40%
GEMSTAR TVG:	GMST	3.10	(4.9%)	18.80%
GOOGLE:	GOOG	480.80	(4.8%)	9.10%
HARMONIC:	HLIT	7.70	(7.8%)	58.80%
JDSU:	JDSU	18.05	(5.4%)	
LEVEL 3:	LVL	5.45	6.20%	89.90%
LUCENT:	LU	2.55	(1.5%)	(4.1%)
MICROSOFT:	MSFT	29.12	(2.2%)	17.00%
MOTOROLA:	MOT	21.86	(2.7%)	(1.2%)
NDS:	NNDS	47.86	0.00%	16.30%
NORTEL:	NT	21.15	888.30%	591.20%
OPENTV:	OPTV	2.49	(0.8%)	11.20%
PHILIPS:	PHG	37.42	(0.6%)	23.80%
RENTRAK:	RENT	14.65	(1.1%)	36.90%
SEACHANGE:	SEAC	8.35	(6.9%)	5.70%
SONY:	SNE	39.69	0.20%	(1.7%)
SPRINT NEXTEL:	S	19.40	(2.7%)	(8.6%)
THOMAS & BETTS:	TNB	52.06	(1.4%)	22.50%
TIVO:	TIVO	5.77	(10.4%)	12.70%
TOLLGRADE:	TLGD	8.57	(4.5%)	(21.6%)
UNIVERSAL ELEC:	UEIC	21.36	2.60%	20.30%
VONAGE:	VG	6.51	(2.4%)	(45.7%)
VYYO:	VYYO	4.06	1.50%	(24.3%)
WEBB SYS:	WEBB	0.05	25.00%	(37.5%)
WORLDDGATE:	WGAT	1.35	(2.9%)	(34.5%)
YAHOO:	YHOO	26.49	(5.5%)	(19.8%)

Company	Ticker	12/01 Close	1-Week % Chg	YTD %Chg
TELCOs				
AT&T:	T	34.00	4.10%	52.40%
BELLSOUTH:	BLS	44.60	4.50%	77.40%
QWEST:	Q	7.65	(1.3%)	35.40%
VERIZON:	VZ	34.64	(0.3%)	27.30%

Company	Ticker	12/01 Close	1-Week % Chg	YTD %Chg
MARKET INDICES				
DOW:	INDU	12194.13	(0.7%)	13.80%
NASDAQ:	COMPX	2413.21	(1.9%)	9.40%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE
1. NORTEL:	21.15 888.30%
2. WEBB SYS:	0.05 25.00%
3. LEVEL 3:	5.45 6.20%
4. GRUPO TELEVISIA:	26.65 6.00%
5. ADVANTAGE:	4.13 4.60%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE
1. ADC:	13.60 (16.9%)
2. 3COM:	4.07 (14.1%)
3. ION MEDIA:	0.61 (14.1%)
4. VIACOM:	38.08 (11.7%)
5. TIVO:	5.77 (10.4%)

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MaxFAX...

Winding Down '06?

Or planning a midnight on the 31st closing?

Or looking over specs for retailing those someday (maybe) necessary digital tuner add-on boxes?

What?



Paul S. Maxwell

Some homes don't want a box no matter what?

Tough love from the government?

Or a plan to boost the economy during the election?

Or what?

Suppose anyone in Washington actually knows what he's doing?

Yep, that was a rhetorical question.

You can tell that was rhetorical as we track the waivers vs implementation orders over CableCards ... or Retransmission Extortion.

Want to know what *Rocco* thinks about that?

Just between those two brain dead laws, regulations and interpretations thereof lies proof...

Doesn't anyone in DC ever think about the greatest laws of all?

- Murphy's ...
- And the Law of Unintended Consequences.
- Not to mention The Golden Rule

(Oops, I'm informed by a mellifluous voice from above, that "doesn't apply inside the Beltway.").

Random Notes:

• **Google:** Buys, with its stock, all major media companies ... and becomes Godzilla! But, that's not funny. Could be that other "I buy internet stock values" mistake!

• **Toys?** Like a lot of you, I've been gift shopping lately. Looking at toys—for both kids and adults. But, I'm not buying anything electronic... I lean toward art, books and personalized photos (well, one electronic, digital photo display for my kid's grandparents). That might seem a bit odd... but the real reason is the upcoming **CES Int'l Show** in Las Vegas after the first of the year. That's where it is really fun to "shop"... or at least look at what's next. Like, what will the next screen be? Bigger? Smaller? Better blacks? Better reds? Higher margins? Is there a breakthrough product... such as the DVR was a few years ago? Is there something I just can't wait for?

• **Another Retransmission "Gift"?** Was having lunch with *Lee Clayton Roper* the other day and she wondered aloud why cable operators didn't re-map the channels within the HD boxes to allow the viewer to default to the HD signal on the channels right number? Say, going

to local Channel 9 and getting the HD signal ON what the viewer thinks of as Channel 9... NOT having to go to, say, cable channel 642 to get the HD signal the viewer wants? Another example of thinking of the customer first? Or is it a function of the retransmission deals? Or the boxes? Just wondering. Anybody actually know? After all, like *Lee's Mom*, lots of Moms and Dads just want to watch what's on Channel 9... nevermind the better signal a few hundred channels away, and they just got their new HDTV set!

• **Extortion, Part II:** While I didn't get into the called-upon queue quickly enough the other day, **Sinclair's** VP & General Counsel *Barry Faber* more or less answered the questions I might have asked. "While you say the dispute over carriage isn't about who's good and who's evil, might it be better characterized as an exercise in Sinclair's raw power? Since Congress has given that raw power to you, isn't it a bit disingenuous to criticize **Mediacom** for asking for help in order to re-balance the playing field?" Just wondering... more on this argument in the next issue of *Cable World* (12/18).

Paul Maxwell

T: 303/271-9960

F: 303/271-9965

maxfax@mediabiz.com



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— DOROTHY RABINOWITZ, WALL STREET JOURNAL



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