

THE AUTHORITATIVE NEWS SERVICE OF ELECTRONIC COMMUNICATIONS

MONDAY, JULY 12, 2010 VOL. 30, NO. 132

TODAY'S NEWS

WIDE-RANGING DOJ DEMANDS

sent to companies in many industries for Comcast-NBCU review. Some call them onerous, work to narrow scope. (P. 1)

BROAD CYBERSECURITY BILL

combining existing legislation could hit Senate floor this September. (P. 2)

WIRELESS LOCATION ACCURACY

order almost ready for circulation. (P. 5)

SPEED OF MOBILE BROADBAND

connections difficult to measure, say CTIA, major carriers. (P. 6)

FCC ANNOUNCES FEES for

2010. Some assessments need long-term adjustments, it says. (P. 7)

HAITI RELIEF sees various telecom assistance needs, State Department roundtable told. (P. 8)

BROADCASTERS' BANK DEBT

popular with investors, as financing for deals remains difficult. (P. 9)

RADIO ACCORD BEFORE FCC from

large FM translator owner, lowpower group may resolve impasse between owners of such stations. (P. 10)

DOJ Sent Many Wide-Ranging Data Demands on Comcast-NBCU, Executives Say

The Department of Justice has sent numerous demands for information about Comcast's planned purchase of control in NBC Universal to companies in various sectors, asking many questions about programming seen on TV and over the Internet and set-top boxes and for several years' worth of data, industry executives and lawyers said. They said the civil investigative demands (CIDs) appear to have been sent out in several batches, and some responses have recently been submitted to DOJ's Antitrust Division. That office, with the FCC, is reviewing the multibillion dollar deal (CD July 9 p1). Some recipients said they regard the information demands as excessive because of the detail sought, sometimes down to the ZIP-code level, and the various years covered.

The CIDs went to small and large cable operators, broadcasters, providers of Internet video over set-top boxes known as over-the-top content, and other companies, lawyers and executives said. Those providing information to Justice probably include the three Bells, major cable operators Time Warner Cable and Cablevision and "broadcast/media conglomerates" CBS, Disney, News Corp., Viacom and Time Warner Inc., analysts at Stifel Nicolaus wrote investors Thursday. Some companies with operations where Comcast has no cable systems and NBC Universal no TV stations got CIDs — surprising recipients who didn't expect to get them because they don't view themselves as competing with the companies or being directly affected by the deal, a communications attorney said. "Most of us were kind of surprised by the breadth of companies that were swept in."

About 30 Justice lawyers are assigned to working on the deal, the lawyer said. The staffers, who send the data demands, generally have been amenable to narrowing the scope of the requests or getting information in different electronic formats than the CIDs envisioned, the lawyer and others said. That's typical for Justice, which works with CID recipients to get their cooperation, said antitrust lawyers not in-

COMMUNICATIONS DAILY—2 MONDAY, JULY 12, 2010

volved in the case. Once the department deems a demand fulfilled, it issues a certificate of compliance, an industry lawyer said. "Our investigation is ongoing, we're looking at the proposed transaction" of Comcast-NBC Universal, said a department spokeswoman. She declined to discuss the examination.

"It costs a lot of money and time" to respond to CIDs, said an executive. "We have to have outside law-yers, notify programmers, send legal letters." Responding involves going through archived information to produce e-mails and data, he added. That's "not to say the DOJ isn't sympathetic to that, but the amount of time, effort and expense has been kind of significant," the executive said.

Other recipients are companies trying to start businesses using elements of the broadcast or cable business models, a communications attorney said. Some CIDs seek information on a local level and are "incredibly extensive," he said. Based on what's been asked, "I suspect they would intend to impose more onerous obligations than have been volunteered so far" by Comcast and NBC Universal. Other industry lawyers and antitrust experts said the CIDs point up areas of interest to Justice but don't signal whether the department will try to block the deal. Approval by Justice and FCC with conditions has been widely expected (CD Feb 8 p3).

Some companies welcome responding to CIDs, seeing them as an opportunity to discuss a deal that affects them without doing so voluntarily and risking business relationships with the merging companies, some lawyers said. "Plenty of times in antitrust investigations the companies prefer to have a compulsory investigation because then they have to respond," said an antitrust lawyer who works on communications issues. "Though they don't like the expense involved, and they can talk with DOJ about narrowing requests, at times it can actually be welcomed."

Justice has much latitude regarding deadlines to reply and the amount of information demanded, similar to how the discovery process works, said Professor Andrew Gavil of Howard University, who teaches antitrust law. The department has much motivation to work with CID recipients to maximize cooperation, he said. "They want to be reasonable. They understand that although they have this authority to compel people to respond, they are going to get more help" when they're cooperative, he said. "In general they are going to try to negotiate."

By limiting CIDs, the department ensures it doesn't "swamp their own boat with more information than they can handle, or to have to wait too long to get it," said antitrust lawyer Christopher Kelly of Mayer Brown, not involved in Comcast-NBC Universal. "In general, DOJ doesn't want to punish CID recipients — they aren't a punitive tool." Documents sought might include paperwork or presentations where new businesses or strategic plans are discussed and the department likely is examining what might come of vertically integrating different businesses, Kelly said. "Competitors are going to have a lot of real-time market information that is going to be tremendously relevant to how the DOJ sizes up the market." — *Jonathan Make*

Right Mix Debated

Top Senate Democrats Target September for Cybersecurity Vote

<u>Cybersecurity is a legislative priority</u> for Senate Majority Leader Harry Reid, D-Nev., his spokeswoman said. He and Senate committee chairmen hope to introduce and vote on a comprehensive bill this September, Senate staffers said. Challenges remain, including working out differences between two major bills by Sens.

To e-mail readers: By using our e-mail delivery service, you understand and agree that we may use tracking software to ensure accurate electronic delivery and copyright compliance. This software forwards to us certain technical data and newsletter usage information from any computer that opens this e-mail. We do not share this information with anyone outside our company, nor do we use it for any commercial purpose. For more information about our data collection practices, please see our Privacy Policy at www.warren-news.com/privacypolicy.htm.

Jay Rockefeller, D-W.Va., and Joseph Lieberman, I-Conn., and getting approval from Republicans and the House, said Senate and industry officials. Negotiations over the next three to four weeks will be critical, said an aide.

"Reid is committed to bringing the bill up as soon as it's ready," the spokeswoman for the majority leader said Fri. "The goal is a comprehensive bill, so everything is on the table at this point. We are moving quickly to identify the most pressing needs and most promising proposals so we can bring a bill to the floor that will equip the federal government with the tools and authorities it needs to confront this urgent threat."

Reid and six committee chairmen previewed the approach in a letter July 1 to President Barack Obama. "We recognize that we face a critically important challenge in balancing the need for a secure, efficient, and resilient digital environment with the imperative of maintaining civil liberties, open commerce, and individual privacy," they wrote. "Our Committees have already developed a number of well-considered proposals to achieve this balance, and our intent is to build upon this work in our comprehensive legislation."

<u>In addition to Reid, the letter was signed</u> by Sens. Rockefeller, Lieberman, Patrick Leahy, D-Vt., Carl Levin, D-Mich., John Kerry, D-Mass., and Dianne Feinstein, D-Calif. Respectively, they are chairmen of the committees on Commerce, Homeland Security, Judiciary, Armed Services, Foreign Relations and Intelligence. For about a year, Reid and the chairmen have had meetings about cybersecurity legislation, including one a month ago, and another is expected soon, said a Senate aide.

The senators "are looking at a variety of bills" to integrate, the Reid spokeswoman said. Proposals under consideration include the Rockefeller (S-773) and Lieberman (S-3480) bills, Leahy's data security bill (S-1490), Feinstein's data breach notification bill (S-139), Kerry's bill to create a cybersecurity coordinator in the State Department, and cybercrime legislation (S-3155) by Sen. Kirsten Gillibrand, D-N.Y., she said. Senators also want to incorporate recommendations from the administration, private sector, and others, she said.

Overlapping bills by Rockefeller and Lieberman are the key ingredients of the package, and negotiations are focused on working out their differences, Senate aides said. Both bills have been approved by their sponsors' committees. A key difference is how they go about protecting critical infrastructure, said an aide.

<u>Senate Republicans so far haven't been involved in negotiations</u> on the comprehensive package, though many of the bills have Republican cosponsors, Senate aides said. One aide expects discussions with the minority later. Both parties support cybersecurity legislation, but some said the November election and other political dynamics could lead to Republican opposition.

The path through the House is not as clear, Hill aides said. The House has already passed a few cyber-security bills, including legislation to promote research and development, revamp the Federal Information Security Management Act and establish a White House advisor on cybersecurity. A Senate aide said it might be possible to conference a bill melting those into the larger Senate bill, and then send the package back to the House for a vote. Knowing how tough it is to get anything done in the Senate, the House may be receptive, predicted another Senate aide.

Hill staffers said they were unaware of any similar efforts in the House to draft comprehensive legislation. House Homeland Security Committee Chairman Bennie Thompson, D-Miss., is drafting cybersecurity legislation, his spokeswoman said. She didn't say what it contains.

COMMUNICATIONS DAILY-4 MONDAY, JULY 12, 2010

Meanwhile, a House bill modeled on the Lieberman legislation by Reps. Jane Harman, D-Calif., and Peter King, R-N.Y., is stuck in a jurisdictional mire, said a House staffer. According to the Library of Congress, the bill (HR-5548) was referred to committees on Oversight, with secondary referrals to Homeland Security, Armed Services, Judiciary, Education and Labor, and the Permanent Select Committee on Intelligence, "for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned."

Thompson's bill may be a response to the Harman bill's situation, which was introduced a day after the Senate Homeland Security Committee marked up Lieberman's, a telecom industry official said. House Homeland Security Committee Chairman Bennie Thompson, "blew gaskets" because Harman's bill ended up referred to another House committee, the industry official said.

Thompson plans to introduce his cybersecurity legislation by August and seems willing to get involved with the interested parties to think about what is needed, the official said.

Rockefeller v. Lieberman?

There are five major Senate cybersecurity bills, said Melissa Hathaway, who was Obama's acting senior director for cyberspace for the National Security and Homeland Security Councils last year. The only one not listed by the Reid spokeswoman was S-3538, sponsored by Republican Sens. Kit Bond of Missouri and Orrin Hatch of Utah. All will be melded into the comprehensive bill, she predicted. The Rockefeller, Lieberman and Hatch bills are broader overhauls of cybersecurity and take different approaches, Hathaway said. Rockefeller's establishes a national cybersecurity center but leaves its location up to the president, she said. It also empowers the National Institute for Standards and Technology to set cybersecurity standards. NIST works with private industry, she said. Lieberman's bill puts the cybersecurity center at the Department of Homeland Security, while Bond/ Hatch leans towards the Department of Defense, she said.

Communications **Daily**

(ISSN 0277-0679) PUBLISHED BY WARREN COMMUNICATIONS NEWS, INC.

Michael	Feazel												Managing	Editor
Howard	Buskirk							1	4s	so	ci	ate	 Managing 	Editor
Jonathar	Make .					 			A	ssi	st	an	t Managing	Editor

Warren Communications News, Inc. is publisher of Communications Daily, Warren's Washington Internet Daily, Consumer Electronics Daily, Green Electronics Daily, Washington Telecom Newswire, Telecom A.M., Television & Cable Factbook, Cable & Station Coverage Atlas, Public Broadcasting Report, Satellite Week and other special publications.

Send news materials to: newsroom@warren-news.com

Copyright © 2010 by Warren Communications News, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, DC 20037 Phone: 202-872-9200 Fax: 202-318-8984 www.warren-news.com E-mail: info@warren-news.com

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher 1961-2006

Paul Warren	Chairman and Publisher
Daniel Warren	President and Editor
Michael Feazel	Executive Editor
Howard Buskirk	Senior Editor
Dinesh Kumar	Senior Editor
Jonathan Make	Senior Editor
Josh Wein	Associate Editor
Adam Bender	Assistant Editor
Yu-Ting Wang	Assistant Editor
Leslie Cantu	Assistant Editor
Tim Warren	Assistant Editor
Kamala Lane	Assistant Editor

Dawson B Nail	. Exec. Editor Emeritus
Louis Trager	Consulting News Editor
Dugie Standeford	. European Correspondent
Scott Billquist	Geneva Correspondent

Television & Cable Factbook

Michael Taliaferro Managing Editor & Asst. Pub.
Gaye Nail Assoc. Managing Editor
Kari Danner Sr. Editor & Editorial Supervisor
Colleen Crosby Sr. Editor & Editorial Supervisor
Bob Dwyer
Marla Shepard

Business

Brig Easley.

Exec. VP-Controller Deborah Jacobs. Information Systems Manager Gregory Jones Database/Network Manager Gina Storr Director of Sales & Marketing Support Susan C. Seiler Content Compliance Specialist Katrina McCray.. Sr. Sales & Mktg. Support Specialist Greg Robinson . . Sales & Marketing Support Assistant Loraine Taylor . . . Sales & Marketing Support Assistant

Sales

William R. Benton	Sales	Director
Agnes Mannarelli	National Accounts	Manager
Jim Sharp	Account	Manager
Brooke Mowry		Manager
Norlie Lin		Manager

NEW YORK BUREAU 276 Fifth Ave., Suite 1002, N.Y., N.Y. 10001

Phone: 212-686-5410 Fax: 212-889-5097

Paul Gluckman Bureau Chief
Mark Seavy Senior Editor
Jeff Berman Senior Editor
Rebecca Day Senior Editor
Razia Mahadeo Editorial Asst.
Barry Fox Contributing Editor

Dir. of Advertising: Richard Nordin Phone: 703-819-7976 Fax: 202-478-5135

E-mail recipients: By using our e-mail delivery service, you understand and agree that we may use tracking software to ensure accurate electronic delivery and copyright compliance. This software forwards to us certain technical data and newsletter usage information from any computer that opens this e-mail. We do not share this information with anyone outside the company, nor do we use it for any commercial purpose. For more information about our data collection practices, please see our Privacy Policy at www.warren-news.com/privacypolicy.htm.

Hathaway did not know if Rockefeller, Lieberman or Hatch would prevail. "All the bills are still being worked on as a team on Capitol Hill," she said. A final bill will not pass this Congress but in the next, she predicted. Instead Congress will use the annual defense spending bill as a vehicle for cybersecurity reform, Hathaway said. Among the likely reforms will be creation of a White House-based cybersecurity chief confirmed by the Senate, she said.

<u>Industry leaders are focused on the Rockefeller and Lieberman bills</u>, said a telecom industry official. They have the industry's attention because they either retain or alter the public-private partnership characterizing cybersecurity efforts, the official said: Cybersecurity legislation has "huge" consequences for the industry, and "a lot is at stake."

The telecom industry is more comfortable with Rockefeller's bill, the industry official said, because it's less intrusive and less regulatory. Rockefeller's bill would rely on the telecommunications industry to develop cybersecurity best practices, the official said. It does a better job preserving the public-private partnership that has characterized U.S. cybersecurity efforts after 9/11, the official said. For example, the official cited the Department of Homeland Security's Critical Infrastructure Partnership Advisory Committee, which coordinates federal infrastructure protection programs with those of the private sector: "When you have a partnership structure you can converse with the government and talk about vulnerabilities and risks and not worry about the penalty for sharing them."

In contrast, Lieberman's bill "creates a vast new bureaucracy in the DHS," said the official. It establishes a White House cybersecurity director and a DHS cybersecurity director reporting to DHS. It also creates a national cybersecurity center there. That would undermine the partnership approach meticulously crafted after 9/11, the official said. "At the end of the day the czar makes the final call." Lieberman's bill has the veneer of partnership because it doesn't mandate cybersecurity standards on industry, the official said, but it gives liability limits to companies that do, essentially regulating them.

There also are turf issues at stake between the two bills, said a telecom industry official. Rockefeller's committee has jurisdiction over the NIST and would entrust it with drafting cybersecurity standards. NIST inspires trust and confidence from the business community because of its reputation for methodical work, the official said. Lieberman's committee has jurisdiction over DHS and has a vested interest in getting it the significant appropriations over time that it would receive as the go-to agency on cybersecurity, the person said. The senators are both powerful and at loggerheads over the bills, said the official, pointing to the July 1 letter asking Obama to lead on the issue. — *Adam Bender, Dave Hansen*

T-Mobile Tweaks

Long Awaited Location-Accuracy Order Expected to Circulate Soon

FCC Chairman Julius Genachowski is expected to circulate within the next few weeks a long-awaited order on location accuracy rules for wireless, based on proposals by AT&T and Verizon Wireless and incorporating changes sought in by T-Mobile, industry and FCC officials said. Last week, The Association of Public-Safety Communications Officials International (APCO) and the National Emergency Number Association (NENA) filed a letter at the commission endorsing the tweaks sought in a June 16 letter by T-Mobile to AT&T's proposal for GSM-based carriers. The Public Safety Bureau has started to brief eighth-floor officials on the order.

<u>In 2008, APCO and NENA submitted location-accuracy proposals</u> with Verizon Wireless for CDMA and with AT&T for GSM. The FCC never acted on the proposals, but it did impose the rules as conditions in approving Verizon Wireless's acquisition of Alltel and the Sprint Nextel-Clearwire partnership.

COMMUNICATIONS DAILY—6 MONDAY, JULY 12, 2010

In the latest twist, T-Mobile sought changes addressing problems presented by conditions in rural areas. "For T-Mobile, the greatest challenge with respect to location accuracy has been in rural areas where sites are sparsely deployed and/or located along traffic corridors, which T-Mobile is addressing through its ongoing transition to A-GPS technology," the carrier said. T-Mobile believes "it can meet the AT&T Proposal's standard of 300 [meters] for 90% of calls in 85% of counties, by the end of the 8th year after the effective date of the rules (Benchmark 4), provided that this standard applies only to accuracy measurements of outdoor calls," the carrier said. "T-Mobile understands that this was the assumption underlying AT&T's proposal."

T-Mobile also sought tweaks to the three intermediate benchmarks proposed by AT&T. For example, when using network-based measurements as a component of the county-level compliance calculation, T-Mobile said, a county should be excluded from calculations if it has fewer than three cell sites. T-Mobile's full filing is at http://bit.ly/cF8KII.

"APCO and NENA believe that there should be no further delay in the resolution of this important public safety issue," the associations said in a letter last week. "Therefore, we do not object to T-Mobile's proposed modifications, and we strongly urge the Commission to proceed expeditiously to adopt the necessary orders to implement the modified proposal." — *Howard Buskirk*

'Daunting Task'

Google, Carriers Disagree on Required Disclosure of Wireless Broadband Speeds

CTIA questioned whether the FCC can get complete, accurate data if it moves forward on a proposal to test mobile broadband speeds. AT&T called measuring the speeds a "daunting task" more difficult than testing fixed connections, as the commission plans to do in a study to be run by SamKnows. Verizon Wireless questioned what would be gained if the FCC "involves itself" in performance testing. But Google encouraged the FCC to push forward, saying accurate information is critical to consumers.

<u>Chief Joel Gurin of the FCC Consumer & Governmental Affairs Bureau</u> announced last month that the commission was looking into whether it should seek mobile throughput data (CD June 2 p1). The FCC sought comment on how to test mobile broadband performance and coverage. Gurin conceded that measuring mobile speeds won't be easy. But he said the investigation could lead to requirements that providers post speeds similar to the way dealers list average miles per gallon for cars.

"User-generated data is not an appropriate method for measuring wireless broadband speeds given the inherent bias and lack of rigor associated with such data collection," CTIA warned. "CTIA believes such data would be subject to significant voluntary response bias. Dissatisfied customers are far more likely to test their connections than satisfied customers. The data collected would therefore underestimate overall network performance and fail to reflect actual broadband speeds, making the data of little use to consumers and the FCC." CTIA also opposed imposing additional data collection and reporting obligations on carriers. If the FCC does move forward, CTIA said, it should convene a technical working group of interested stakeholders "to investigate whether reliable, accurate, and consumer-friendly mobile broadband speed measurements can be collected and reported."

CTIA said the FCC appears to seek to draw comparisons to fixed speeds. "Fixed and wireless broadband have distinct attributes and distinct limitations due to their underlying technologies," the group said. "Many consumers subscribe to both services to ensure a comprehensive Internet experience."

<u>AT&T said consumers should have an idea of what they're getting</u> when they subscribe to a wireless service. "Today, the most reliable and insightful means for measuring mobile broadband network performance

across different providers is 'drive testing,' a process by which independent expert firms such as Nielsen and GWS perform various performance tests using devices connected to multiple networks at the same times and locations," AT&T said.

But AT&T warned that measuring mobile broadband speeds accurately is a huge challenge. "Compared to fixed networks, mobility introduces a greater range of factors that affect performance and those factors are subject to greater variability across different customers," the carrier said. Signal strength and interference, topography, weather conditions, device capabilities and the movement of end-users "within or between cell sites all present unique challenges in identifying relevant performance metrics and constructing a testing regimen." AT&T said the FCC should keep in mind that most subscribers today are satisfied with their service and that carriers have invested billions of dollars "deploying technologies designed to provide more robust, higher throughput data services, from 2G technologies like GPRS/EDGE and 1xRTT, to 3G technologies like UMTS and EV-DO, and on to even more capable networks based on HSPA, WiMAX and soon, LTE."

<u>Verizon Wireless questioned whether the FCC needs to collect data</u> on mobile broadband speeds. "Consumers now can obtain the information they want directly from providers, or through their own 'test drive' of a mobile broadband device during the trial period offered by providers," the carrier said. "If the Commission were to consider developing its own data collection efforts, then it should do so only under a comprehensive testing program that collects information through a well-designed test drive procedure that measures multiple metrics affecting service reliability, not just speed."

"Measuring the speed and other network performance metrics of mobile broadband services ... is exponentially more challenging than taking similar measurements in the fixed broadband context," T-Mobile said. Sprint said: "Carriers and third parties are already providing substantial information to consumers ... that allow them to make informed choices. Moreover, given the numerous technical difficulties associated with measuring mobile broadband speeds, any Commission program would need to be carefully qualified and could face significant concerns surrounding privacy and network usage."

"Service providers and independent third parties have generated a wealth of information to help consumers make informed decisions," said Mobile Future. "The Commission should continue to encourage private sector innovation in consumer-focused applications and tools, rather than imposing regulatory mandates at this time."

Google encouraged the FCC to "collect a diverse range" of metrics" for mobile broadband services and make the information widely available. It urged the use of "multiple complementary" methodologies including the "crowdsourcing" criticized by wireless carriers. "Markets rely on information to function properly," Google said. "Despite the importance of broadband access to our nation, there is a lack of reliable, up-to-date, and readily-accessible information about actual performance of broadband service offerings available in the marketplace to-day. This is especially true with respect to mobile networks." — *Howard Buskirk*

Digital Transition Shifts Fees

FCC Expects to Collect \$336 Million in Regulatory Fees

The digital transition prompted many TV stations to jump ship from the formerly desirable VHF channels, and that reordering should affect the regulatory fee structure, commenters told the FCC. The commission agreed the changes will affect how much stations must pay and adjusted its assessment method, though not in the whole-

COMMUNICATIONS DAILY—8 MONDAY, JULY 12, 2010

sale fashion some commenters wanted. The change is one of the issues noted in the commission's report on assessment and collection of regulatory fees for 2010, released Friday. The commission said it must collect \$335,794,000 in regulatory fees for 2010, down from \$341,875,000 in 2009. The fees are meant to cover the cost of the commission's enforcement, policy and rulemaking, user information and international activities. The commission said it used the same assessment methodology it used last year.

The FCC expects a significant downward shift in revenue collected from VHF stations, in part because of changes it made to its formula to account for channel changers. For markets 1-10, it expects to collect \$1.6 million, down from about \$3.3 million in 2009. For markets 11-25 it expects \$1.7 million, down from \$3.3 million, and for markets 26-50 it expects \$1.4 million, down from \$2.8 million. The UHF stations, however, will make up the difference, with UHF markets 1-10 expected to bring in \$3.8 million, up from \$2.1 million, markets 11-25 paying \$3.4 million, up from \$1.7 million, and markets 26-50 bringing in \$2.9 million, up from \$1.5 million. It noted that more than 38 percent of entities changed channels from VHF to UHF in the past several months and in some markets, the number of VHF stations decreased by 50 percent. That would mean the regulatory fee for those categories would increase twofold, because the commission allocates expected revenue by category, then calculates individual fees based on the number of units per category. The "potential fee escalation underscores the need for more fundamental, long term reform," it said. In the meantime, though, it moved the fee amounts that former VHF stations would have owed had they remained VHF into the UHF category and recalculated the UHF fee with those additional dollars. Although this increased fees, the increase is about 20 percent less than what it would have been if the commission followed some suggestions to simply combine all VHF and UHF stations into one category by market size, it said.

The commission also said it needs to reexamine the fees paid by interstate telecommunications service providers, though it said the responses it had received from these providers weren't as detailed as hoped for. These fees are paid on a percentage of revenue and, although revenue has decreased, the fees paid have increased because the percentage has increased, the commission said. It said it expects to issue a separate call for comments on how changes in the telecommunications marketplace warrant rebalancing of fees, particularly with regard to changes resulting from the National Broadband Plan.

The commission also took comments regarding the fee structure for AM and FM radio stations, but ultimately decided the suggestions are interesting but not practical. Commenters had suggested the commission change to a fee based either on percentage of income or number of people within the city-grade contour. The commission said radio stations are not currently required to report revenue, which would make tracking difficult, and a per-person methodology would mean that in some large markets with many radio stations, like Los Angeles, radio stations would end up paying a fee "for the same person many times over." — *Leslie Cantu*

Better Coordination Urged

Telecom Key to Haiti Reconstruction, State Department Roundtable Told

<u>U.S. telecom companies' internal disaster</u> and emergency response operations, preparedness and timely response are critical in recovery efforts in Haiti, companies said on a roundtable at the Department of State Friday. The Haiti earthquake, a major test for emergency response capabilities, underlined the need for better coordination, they said.

All U.S. carriers have had a variety of programs and initiatives that include direct support for leading relief organizations, donating wireless devices to help re-establish communications and enabling mobile donations, their executives said. One lesson learned is how to prioritize assets and coordinate with different relief partners, said Eric Loeb, a vice president with AT&T. Further streamlining of coordination is necessary, said Harold Salters, a director with T-Mobile USA.

<u>Verizon assisted the FCC's Communications Sector Assessment Team</u>, offering recovery and restoration recommendations in Haiti, said Richard Price, chief business continuity officer. The carrier's Global Emergency Response and Assessment Team strategically positions assets and resources to support local and regional response and restoration teams, he said. The carrier also invested in self-healing network mesh technologies, he said. Sprint Nextel's Emergency Response Team offers voice and data communications during disasters and other emergencies for public and business clients, said Maria Cattafesta, a senior counsel.

<u>Unlike the major national carriers</u>, Clearwire's response in Haiti started a little bit unclear, said Paul McCarthy, director of spectrum development. "We are unclear who's the mirror operator there" using the same frequency or technology, he said. The company quickly identified an operator using the same frequency and focused on network restoration, he said. As a young company, Clearwire is still learning and looking to develop its internal emergency response operation, he said.

The first few hours are the most critical for rescue efforts, said Kelly O'Keefe, an advisor with Iridium. It's also critical to maintain stock of equipment for emergencies and work with distribution partners to ensure supply chain continuity and facilitate rapid deployment, she said. Preparedness efforts also include equipping phones with solar panels for charging in situations where the electrical grid is damaged and promoting prepositioning of phones, she said. Governments should be prepared by prepositioning emergency equipment training and maintaining equipment, she said. Intel prefers to offer "in-kind expertise" in areas like broadband wireless networks, client computing and mobile data centers, said Mathew Taylor, senior solutions architect. Key steps during disaster response include assigning an experienced crisis coordinator and identifying senior core teams, he said.

Alcatel-Lucent urged fixing Haiti's only direct submarine cable system, knocked out by the earthquake, said senior director Marie Royce. Submarine cable systems in the Caribbean region support economic development and will be key to Haiti reconstruction, she said. The company is assisting Haiti telecom provider Netcom with recommendations to make the network more reliable and resilient, she said. Motorola has coordinated shipments of communications infrastructure to the Haitian National Police, said Casey Hastings, a director of global government affairs. Cisco's disaster response capabilities include global incident management, tactical operations and establishing relationship with major government agencies, significant enterprise partners and customers and other non-profit partners, said Paul Chiswell, a director of customer assurance.

Google's instrumentation indicated a re-growth in Haiti of traffic to that company's websites by the end of May, said Randy Neals, a program manger. Recovery of Internet activity hasn't returned to pre-earthquake levels, he said.

A challenge is to deploy at the right time with the right people, said Jack Deasy, a director with Inmarsat. He acknowledged the help of social media and Web 2.0 capabilities during disasters. Another challenge is to provide real-time information to the population and decision–makers who may be in the disparate locations, said Sirius XM Vice President John Archer. The company is open to discussion with Haiti based on need and potential for humanitarian benefit, he said. Sirius is participating in the effort to upgrade the presidential-level Emergency Alert System (EAS) by providing XM EAS receivers to the nation's primary entry points and state emergency response centers, he said. — Yu-Ting Wang

Deals Looming?

Investors Scooping Up Discounted Broadcast Bank Debt

Borrowing money to finance purchases of broadcast assets remains difficult, but some in the industry see a wave of transactions coming. Meanwhile, broadcasters' secured bank debt has proven popular with investors of all

COMMUNICATIONS DAILY—10 MONDAY, JULY 12, 2010

sorts, some of whom may view it as a path to owning broadcast properties, said brokers and others who work on and advise on deals. "There are a lot of people that are trying to buy debt," said President Frank Kalil of broker Kalil & Co. "If you see a station that's worth \$30 million and it's got \$15 million worth of debt and you can buy that debt for, say, \$10 million, that's a pretty good deal," he said. "You can do very well on an interest rate of return and perhaps end up with the asset."

There may be a number of reasons investors are gravitating to broadcasters' bank debt rather than equity or publicly traded bonds, brokers and others said. Some banks are eager to sell. Wells Fargo recently unloaded nearly its entire broadcast portfolio in a series of deals, said David Schutz, an appraiser with Hoffman-Schutz Media. And the prices have been right for buyers, he said. "There have been some transactions consummated with discounts of 75 percent."

Bank debt is a safer investment, said Shelly Lombard, senior high-yield credit analyst with Gimme Credit. "Should anything go wrong, if you're holding bank debt you can take control of the assets and sell them to somebody," she said. "If you have questions about long-term viability or just the long-term prospects ... it's always safer to be in the bank debt than in the bonds."

Most of the "wholesale" bank debt deals along the lines of Wells Fargo's have already been made, Schutz said. Smaller investments remain available, he said. "There certainly are individual loans on the books that financial institutions would be happy to discuss selling on a case by case basis, and they certainly would include a discount," Schutz said. In some cases, it's the broadcaster that's buying out its own bank lender, he said.

Though borrowing remains difficult, a wave of transactions may be coming, Kalil said. "Idle money produces no revenue, and there is an awful lot of idle money," he said. Though major financial institutions still aren't lending, some new sources of debt financing are appearing, though offering higher interest rates, he said.

Looming changes in the tax laws that affect private-equity income could also spur some deal activity, if investors want to cash out before higher tax rates kick in next year, said Robert Raciti, who advises private equity investors on media transactions. Investors would have to be selling out at a profit for that strategy to work, and that's unlikely with current low values, said broker Robert Heymann of Media Services Group. "To benefit from the reduced capital gains tax rates, which may change next year, you need to sell your broadcast properties at a gain, and nobody is doing that," he said. "It's very unlikely people would be selling anything at a gain at this point." — *Josh Wein*

Others Supportive

Accord May Resolve Impasse on Translators, Low-Power Stations

An impasse over FCC treatment of two types of FM stations whose representatives have been at odds was resolved Thursday by the groups most active at the commission on the issue. That may resolve a standoff between owners of the two kinds of stations, because others are expected to support the agreement between the Educational Media Foundation, with hundreds of FM translators, and the Prometheus Radio Project, a low-power FM (LPFM) group, communications lawyers said. It may also get the commission to act on whether to cap at 10 the translator applications it will process from any filer in a 2003 window for which several thousands of requests remain pending, they said.

Commission officials said they're studying the memorandum of understanding (MOU), which they had been expecting, and it's too soon to say whether the proposal will be adopted by the FCC. A March draft order upholding a Media Bureau cap of 10 in Auction No. 83 (CD March 31 p6) continues circulating and hasn't

been changed recently, FCC officials said Friday. The deal proposes to scrap the cap of 10 while processing pending FM translator applications and giving low-power station seekers the opportunity to make requests of their own. Low-power applications would have priority over the translator applications. The question now is how the proposal affects the draft order, commission officials said. After station requests are made in an LPFM window, the FCC could resume processing all remaining translator requests, the proposal said.

The commission can act without issuing another rulemaking on the relationship between the stations, which is the subject of a previous notice, Prometheus and the foundation said, http://xrl.us/bhrd9j. "LPFM stations should not be given any priority over existing FM translators" and the existing listening habits of the audience of FM translators should not be disturbed," said the MOU filed with the FCC. "The parties also urge the Commission to look at other issues in the future to firmly establish the priorities between LPFM and translator stations." There should be regular filing windows for both types of broadcasters and a system that gives priority to stations providing local service over translators that carry the programming of broadcasters elsewhere, the groups said.

The deal helps the LPFM community by giving them a chance to apply for frequencies they never got an opportunity to seek because translators had requested them, said Media Access Project Vice President Parul Desai, representing Prometheus. "This could be a win-win for both parties in that LPFMs get pushed to the front of the line and then the remaining translator applications can get granted without their being a cap on it," she said. "This really helps to resolve the concerns that we've had since the 2003 filing where the LPFMs got held up because of congressional action." HR-1147 — a bill that would give the FCC permission to issue more low-power licenses by eliminating some interference protections for other FM stations three notches away on the dial — passed the House in December and awaits Senate action. A lawyer for the foundation declined to comment.

The FCC has granted about 3,600 construction permits from the 2003 translator window, with another 3,200 dismissed mostly at applicants' request and 6,500 requests pending, a commission official said. Edgewater Broadcasting and Radio Assist Ministries, under common ownership, have the most applications pending (1,574), followed by the foundation with 518, the official said. The three have had a total of 1,317 construction permits granted. The MOU "goes a long way to at least getting the log jam moving again," said lawyer Dawn Sciarrino of Sciarrino & Shubert, representing Edgewater and Radio Assist. "They welcome anything that will get this docket resolved." — *Jonathan Make*

Comm Daily® Notebook

The FCC should continue allowing E-rate money to go to basic maintenance of internal connections and Web hosting, schools wrote in comments about a rulemaking on the schools and libraries universal service program. Internet providers agreed with the proposal's streamlining plans but asked that any expansion of the program be technology-neutral. Cristo Rey Network, which operates 23 high schools throughout the country, said it relies on E-rate funding to keep its networks operational because it can't afford to have dedicated IT staff. Eliminating the program would add an annual expense, it said. St. John's Catholic School of Kansas said E-rate money helps it keep its website up. "Students and their parents expect our district to provide them with timely information, and more than ever before, this information is disseminated via the Internet. ... As a result of recent reductions in state funding, Kansas school districts are reducing staff to balance our budgets. ... Eliminating E-rate funding for web hosting will only further hinder financially struggling districts, including ours, and our overworked staff," it said. Cristo Rey also argued against funding programs at a per-student rate. Doing that would "cripple" small needy schools, it said. Using a hypothetical example of capping the rate at \$15 a student, it said the support it would receive for a typical project would decrease to 2.4 percent from 90 percent. Charter Communications, however, said it supports the per-student cap. With a cap and the elimination of the 2-in-5 rule, which limits an eligible entity's receipt of discounts on internal connections to twice every five years, schools could predict funding better, it said. Charter also supported eliminating technology plans and procurement processes that overlap with state or local requirements and suggested that funding approvals be for the length of a contract, in place of a requirement of

COMMUNICATIONS DAILY—12 MONDAY, JULY 12, 2010

annual requests even when a multiyear contract is in place. The E-rate Service Providers Association, though, said technology plans aren't necessarily duplicative but can be used with both the state and the commission. Instead, applicants should be able to explain and amend technology plans, it said. In addition, Charter opposed using E-rate to subsidize leases of dark fiber. NCTA also opposed including dark fiber among the allowed services, saying that would go against the principle that "schools may not request funding for more services than are necessary for educational purposes. ... Devoting a fiber network for the sole use of a school (or even a school district) would amount to over-investment in infrastructure because it goes beyond meeting the needs of students and teachers." NCTA also said if the commission decides to provide support to off-campus Internet access, it should make the support available for wireline and wireless access. But if the FCC adds off-campus support, it would no longer be able to require that the Internet be used solely for educational purposes, the association added. Instead, the commission should adjust the support amounts to reflect the mixed uses, NCTA said. The Richmond Public Library in Virginia said almost all public schools take part in the program, but only half of public libraries do. Simplifying the regulations would help increase libraries' participation, it said. The current discount matrix means few libraries qualify for Priority Two funding, it said. It compared the funding levels of Richmond Public Schools and itself and noted that in some years the library has been denied all Priority Two funding.

The FCC should consider the different constraints of wireless and wireline broadband but not develop two distinct sets of rules for broadband Internet access, Free Press and Consumers Union told the agency. It should "immediately settle" jurisdictional problems mentioned in the Framework for Broadband Internet Service notice of inquiry, the groups said in an ex parte filing. Absent a "sound legal foundation," the framework could be "unenforceable and consumers will be left unprotected," they said.

Capitol Hill

The Senate should defeat broadband stimulus program funding rescissions sent by the House, said the National Association of Telecommunications Officers and Advisors (NATOA) and National Association of Counties (NACO) in a joint letter to Senate leaders. The rescissions, targeting the Broadband Technology Opportunities Program (BTOP) and Broadband Initiatives Program (BIP), appear in the War Supplemental Appropriations Bill (HR-4899) passed by the House. A last-minute amendment intended to neutralize the cost of the war in Afghanistan would shrink several programs, including a total of \$602 million from BTOP and BIP. The bill moves to the Senate, which passed a supplemental war appropriations bill that did not include those reductions. NATOA President Ken Fellman and NACO Executive Director Larry Naake slammed the cuts as incongruous given the "dramatic success" of the broadband stimulus programs. "The proposed rescissions to BTOP and BIP would likely cost our citizens thousands of jobs that would not be created by the program," they wrote senators. "Budget cuts should be targeted at wasteful spending and unnecessary programs — they should leave alone programs that are intended to (and do) create jobs in a time when unemployment is such a significant issue for our country."

Comcast and NBC Universal's new diversity commitments are "good first steps," but the companies still must follow up with action, Rep. Maxine Waters, D-Calif., said after a House Communications Subcommittee hearing Thursday in Chicago. "Frankly, we have to be vigilant in our efforts moving forward because these companies' diversity records are totally unacceptable. One only needs to look at the numbers to ascertain that African Americans and other minorities are practically nonexistent in leadership and decision-making roles at Comcast and NBC Universal." Waters said she wants the FCC to hold more field hearings. "Additional Congressional hearings might also be helpful for increasing understanding of the merger's many facets and for preserving competition, creating opportunities, and ensuring consumers will have access to alternative sources of news and entertainment," she said.

Wireline

The FCC granted 97 waiver requests and rejected 158 from applicants denied consideration under the E-rate program on grounds they hadn't filed on time. In four cases, the applications were filed on time and the Universal

Service Administrative Co. mistakenly denied them, the commission said. The FCC granted 57 requests in cases in which the applicants filed form 471 within two weeks of the deadline, six requests in cases in which waiver requests were filed within two weeks of the deadline, three requests in which the applicants were delayed by unexpected illness or death in the family but filed within a month, and 27 requests in which the applicant filed the form 471 on time but didn't file the form 470 or 471 certification on time. The violations were merely procedural, the commission said, so they don't warrant complete rejection. The FCC noted that its order tells USAC to consider the applications, not necessarily to provide funding. The applications were for funding years 2001-2009.

An interim Video Relay Service compensation rate of \$5.07 for Tier III providers would force providers to make changes that would be detrimental to VRS users, representatives from Sorenson Communications told aides to Chairman Julius Genachowski, according to an ex parte filing. The company also discussed financial issues detailed in its recent motion for a stay of the new rates. In its motion, it said it would consider it denied if the commission didn't act by July 9. The commission denied Sorenson's motion Friday.

The FCC Wireline Bureau is seeking comments on a request by BCG Inc. for a waiver of a late-filing penalty imposed by the Universal Service Administrative Co. Comments are due Aug. 9, replies Aug. 23.

<u>Time Warner Cable can stop providing circuit-switched local services</u> to 20 business customers in the Dallas-Fort Worth area Aug. 12, if the FCC doesn't receive additional information that the commission concludes compels it to intervene. Anyone objecting to the discontinuation must file comments by July 23 and provide specific information about the cutoff's effects.

The FCC's order in Qwest's Phoenix forbearance case poses problems for the commission's "Third Way" proposal for reclassifying broadband services, wrote Seth Cooper for the Free State Foundation. If the agency applies the Qwest decision consistently, forbearance relief could become "virtually impossible to obtain," he said: Yet the FCC wants to reclassify broadband as a Title II service while not applying several provisions of the title, making reclassification "counterintuitive and strange." He said the Qwest order doesn't set up a forbearance standard for Internet providers but "implies that the Commission sees no problem with making forbearance relief more difficult in wireline voice services, on the one hand, while making 'Third Way' 'superforbearance' a piece of cake for broadband Internet services, on the other hand."

Wireless

The FCC should make sure spectrum coming online goes to smaller players or new market entrants, "to level the playing field;" and to unlicensed use, Adam Lynn, Free Press research manager, said on the group's blog. "Guiding spectrum policy to serve the public interest going forward requires all the participants to take a step back, to examine the scope and nature of the need for more spectrum, and — most importantly — to figure out what the best uses of newly available spectrum would be," he said. "The wireless market is increasingly looking like a duopoly with AT&T and Verizon continuing to gain marketshare. There is no evidence that either company is facing, or will face, a mobile data crunch due to a lack of spectrum — and plenty of evidence that they will skimp on network investment and cell site installations if they have more spectrum. ... Pushing broadcasters and government users to the side to hand valuable spectrum over to AT&T and Verizon won't cut it."

FCC data on the Universal Service Fund released by the House Commerce Committee last week (CD July 9 p5) "clearly proves that taxpayers are paying the price" for the government's delay in overhauling the fund, said Rural Cellular Association President Steve Berry. The commission should cut USF funding for "antiquated technologies and adopt reform mechanisms that reflect consumers' migration from wireline to wireless," he said.

COMMUNICATIONS DAILY—14 MONDAY, JULY 12, 2010

Internet

About 57 percent of Recovery.gov descriptions for broadband stimulus money awarded before January "had sufficiently clear and complete information on the award's purpose," GAO said in a May report released Friday. The other 43 percent partially met the criteria based on OMB guidance and requirements in the American Recovery and Reinvestment Act. The sample "is statistically representative of the 46 Recovery Act awards in the Broadband Technology Opportunities Program that had second round recipient reports," GAO said. GAO looked at descriptions by recipients posted on Recovery.gov. It didn't review the Rural Utilities Service's broadband program because no awards had been given to recipients by Dec. 31. GAO reviewed nine Recovery Act programs total and found that 25 percent of the descriptions passed muster, 68 percent did partially, and 7 percent "provided little or none of this information." GAO recommended that the OMB revise reporting guidance with better examples and instructions for writing the descriptions, work with agencies to decide if supplemental guidance is needed, and periodically review, with agencies, award recipients' descriptions of awards. OMB agreed with GAO's recommendations, GAO said. In a letter to GAO dated May 13, Commerce Secretary Gary Locke outlined transparency efforts and said he was "confident" that NTIA is "taking appropriate steps to implement BTOP in the most transparent manner possible." Meanwhile, Rep. Darrell Issa, R-Calif., ranking member of the House Oversight Committee, slammed the Obama administration. "This is yet another sad reminder that the \$862 billion taxpayer-funded boondoggle hasn't lived up to a single one of its sales pitches: that it would be chock full of 'shovel ready' projects, that it would keep unemployment under eight percent, that it would save or create more than 4 million jobs by the end of 2010 and that it would allow for the transparent monitoring of how federal agencies are spending socalled stimulus funds."

State Telecom Activities

Texas state legislators should reauthorize the Public Utility Commission in 2011, provided they update utility commission conflict-of-interest rules, the legislative Sunset Commission recommended Wednesday. The proposed update would bar commission members from taking jobs with the Electric Reliability Council of Texas (ERCOT), a non profit that manages the state's electric infrastructure, for two years after leaving office. Commission rules already ban revolving-door employment of commissioners and key staff by for-profit entities for two years after leaving state employ. Extension of that ban to commission members and ERCOT — staffers still could go to work for the council — was recommended by state Sen. Glenn Hegar, a Republican who chairs the Sunset Commission. Hegar said he acted after an episode in which commission Chairman Barry Smitherman pondered a job with ERCOT. Concerned about appearances of impropriety, Smitherman sought opinions from the utility commission counsel, the attorney general and ethics advisors, all of whom said state law offered no bar to his taking the job. In the end, Smitherman withdrew his name from consideration, but the ruckus left Hegar and colleagues unsettled. "Sunset Commission members felt it was important to prevent a repetition of that sequence of events," Hegar told us. "We felt it would be all right for staff members to continue to be able to go to work for non-profits, because they're not the decision-makers. But, if the Legislature accepts our recommendation, as of sometime in 2012 the three members of the utility commission will be barred from going to work for ERCOT for two years after leaving office." The utility commission oversees certain ERCOT activities, such as rates for debt incurred to fund electrical system build-outs and the utility commission chair serves on the ERCOT board of directors, he said. — MD

The California Public Utilities Commission approved a \$1.7 million grant to the Siskiyou County Economic Development Council for a middle-mile broadband project aimed at the state's northernmost area, in a Wednesday vote. The proposed California Advanced Services Fund grant amounts to 10 percent of the project's estimated cost. The project proposes to deliver broadband to nearly 18,600 households in Azelia, Deetz, Edgewood, Gazelle, Grenada, Lake Shastina, South Yreka, Weed and Wizner at speeds of up to 10 Mbps download and 1 Mbps upload.

Broadcast

CEOs of closely held radio station groups seem more upbeat on prospects for revenue growth next year than counterparts at publicly traded companies, analyst James Boyle of Gilford Securities said Friday. He surveyed executives from both types of companies about their forecasts for 2011. Executives at publicly traded companies forecast 3 percent revenue growth on average, and executives at private ones 4.7 percent, Boyle said. Both groups seem more hopeful than pessimistic investors, he said. "It appears quite possible that investors have overshot in their bearish perceptions of the embryonic Radio industry revenue growth revival disappearing in the next several quarters," Boyle said. "It is almost as though investors fleeing radio stocks feel the industry is still too much like newspapers or Greece."

<u>Last week's East Coast heat wave affected radio-signal propagation</u>, the New Jersey Broadcasters Association said Friday in its weekly newsletter. "While thunderstorms are the typical culprit for AMs in the summertime, engineers say the FM dial is susceptible to the hot, steamy weather," the association reported. Tropospheric ducting brings in distant signals that can overwhelm a nearby station on the same channel, it said. The ducting can also "disrupt studio-transmitter links," the association said.

<u>Standard & Poor's raised Spanish Broadcasting System's credit rating</u> to B- from CCC+, citing improving liquidity.

The FCC fined two college FM stations \$12,600 total for operating after authorization expired and for missing deadlines to request license renewals. Enforcement Bureau forfeiture orders released Friday went to Texas Southern University's KTSU Houston and West Texas A&M University's KWTS Canyon.

Cable

A failure to assess regulatory burdens from broadband reclassification, its effect on small companies, and the Regulatory Flexibility Act's requirements to minimize the effect on those companies could lead to "legal problems," the American Cable Association said. "Burdens include the potential for direct economic regulation of the rates, terms and conditions of the newly recognized telecommunication service under Title II of the Communications Act, and the administrative, accounting and reporting requirements associated with common carrier status under the Commission's rules," said a filing posted Friday in FCC docket 10-127 about a meeting between representatives of the association of small cable operators and officials of the Office of General Counsel. "Uncertainty as to the scope of the obligations contemplated by the Commission hinders ACA and its member companies' ability to quantify and assess the full impact of the regulatory burdens."

Mass Media Notes

Despite a few 3D offerings tied to baseball scheduled this month, 3D programming options will remain limited this year until Discovery's new service is introduced, CL King analyst Lawrence Harris wrote in a note to investors. For investors who want to bet on the success of 3D TV, encoder-maker Harmonic is one way into the market, he said. It's supplying 3D encoders to DirecTV and also played a role in World Cup 3D encoding, he said. "We don't expect that Harmonic's 3-D sales this year will be significant, but we do expect that it will benefit this year from a global increase in the number of HDTV channels." Meanwhile, Fox Sports and DirecTV revealed a few more details about their 3D coverage of the Major League Baseball All-Star Game Tuesday. A second Fox production crew of nine cameras will shoot the game for 3D, using different angles not used on conventional telecasts, they said. And DirecTV will carry the game on its new n3D service on channel 103, they said. The night

COMMUNICATIONS DAILY—16 MONDAY, JULY 12, 2010

before the All-Star Game, ESPN 3D will show baseball's Home Run Derby, the new network's first 3D production of its own making. For 25 World Cup matches in 3D, ESPN 3D took the FIFA feed.

The FCC should apply its rules for syndicated broadcast programming exclusivity to network programming, an action that would give cable operators more flexibility to carry network programming, said Block Communications, owner of cable systems and TV stations, in a filing with the commission. "By allowing network broadcasters to eliminate from cable TV systems network programming from stations otherwise viewable over the air, this anomaly has led to consumers losing access to network broadcasters historically provided to them that they reasonably expect to be carried on their cable systems," it said. "At the same time, the resulting market power wielded by the remaining network broadcaster has driven up consumers' cost of able TV service."

Satellite

<u>Usage-based pricing for wireless data plans could sink the purchase of DirecTV</u> by a major phone carrier that some investors presume, Sanford Bernstein analyst Craig Moffett wrote. "If LTE networks are going to be usage-capped, then the last pretense that LTE networks can be positioned as a substitute for terrestrial broadband would seem to be gone," he said. "And if LTE can't be offered as a replacement for wired broadband, then the notion of an out-of-region bundle of DirecTV and LTE is no more." Besides, the debate over Title II reclassification is probably the carriers' main focus in Washington for now, and "and it's hard to imagine AT&T (or Verizon) deciding to spend its political capital in D.C. on begging for *any* merger approval," Moffett said.

<u>Liberty Media has three choices for handling its 40 percent of Sirius XM Radio</u>, Citigroup analyst Jason Bazinet wrote in a note to investors. It could, between March 2011 and March 2012, offer to buy the rest of Sirius's shares. Its new Liberty Capital tracking stock could increase its stake to 80 percent or it could spin out its Sirius stake and merge it with the publicly-traded Sirius through a Reverse Morris Trust, he said. An outright tender offer is probably the least likely option, he said. If Sirius shares remain at current levels through March 2012, Liberty will probably increase its stake to 80 percent, he said: That way it can take advantage of Sirius's non-operating losses for tax purposes. If Sirius stock rises substantially, a reverse Morris Trust transaction becomes more likely, he said.

The U.S. is pressing for approval of a package of five draft ITU-R recommendations dealing with the radionavigation-satellite service (RNSS) when a study group on satellite services meets this month. European and Asia-Pacific blocs of countries also supported approval of the package that would supersede current recommendations covering only the GPS and Glonass systems. Syria and possibly a bloc of other Arab countries oppose the recommendations, a participant said. The recommendations deal with RNSS systems in the 1164-1300 and 1559-1610 MHz bands. The director of the Radiocommunication Bureau indicated that the recommendations are technically mature, so sending them back to a sub-group for more work "is not logical," the U.S. said in a submission to the group. The director indicated that the recommendations could be sent to the 2012 Radiocommunication Assembly for consideration if the study group doesn't approve them, the U.S. said. The International Civil Aviation Organization and about 100 administrations also support approval of the recommendations, which would be used for safety of life applications. One recommendation includes guidance on ITU-R recommendations related to systems and networks in the 1164-1215, 1215-1300, 1559-1610, 5000-5010 and 5010-5030 MHz bands.

Communications Personals

Katie Stanton, ex-State Department and White House, to join Twitter as vice president-international business strategy and operations, in August ... Ciena changes: **James Frodsham** assumes responsibility for integration

of optical and carrier Ethernet assets from Nortel, whose acquisition he worked on; **Arthur Smith**, senior vice president and chief integration officer, resigns effective July 31 ... **Shaunagh Guinness** promoted by Katz Radio Group to senior vice president of research and marketing ... **Lisa Theodore**, ex-Resorts & Great Hotels Magazine, named vice president/travel and international for Tribune365.

Communications Daily Calendar

- July 12 National Association of Telecommunications Officers and Advisors webinar on forecasting municipal wireless system revenue, 2 p.m. info@natoa.org
- July 13 FCC public forum on Comcast-NBC Universal deal, 1 p.m. CDT, Northwestern University Law School, 375 E. Chicago Ave., Chicago 202-418-2721
- July 13 New America Foundation panel on smart grids, 1 p.m., 1899 L St. NW, Washington gunter@newamerica.net
- July 14 Brookings Institution seminar on smart grid and the Recovery Act, 9 a.m., 1775 Massachusetts Ave. NW, Washington 202-797-6105
 - July 15 FCC monthly meeting, 10:30 a.m., 445 12th St. SW, Washington
- July 19-20 Minority Media and Telecommunications Council conference on access to capital, telecom policy, Westin Grand Hotel, Washington dhonig@crosslink.net
- July 20 Smart grid, telecom and electric infrastructure panel, 8:30 a.m., Clyde's Gallery Place, Washington http://xrl.us/bhqk9f
- July 26-27 FCC/Food & Drug Administration joint meeting on wireless medical technology, 8:30 a.m., FCC commission meeting room 202-418-0253
- July 27 Commerce Department Spectrum Management Advisory Committee meeting, 9 a.m. MDT, Institute for Telecommunication Sciences, Boulder, Colo. spectrumadvisory@ntia.doc.gov
 - July 27-30 NTIA symposium on advanced radio technologies, Boulder, Colo. http://xrl.us/bhntza
- July 28 FCC WRC-12 Advisory Committee, 11 a.m., Commission Meeting Room www.fcc.gov/ib/wrc-12
 - July 29 USTelecom smart grid virtual summit, 9 a.m. www.smartgrid-vsummit.com
- Aug. 4 FCC Consumer Advisory Committee meeting, 2 p.m., Room 3B516, FCC headquarters scott.marshall@fcc.gov
 - Aug. 5 FCC monthly meeting, 10:30 a.m., 445 12th St. SW, Washington
 - Aug. 22-24 Technology Policy Institute's Aspen Forum, St. Regis Hotel, Aspen, Colo. 202-828-4405