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TODAY'S NEWS

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Two Bands Targeted by NTIA for Quick Use for Wireless Broadband

NTIA is recommending reallocating 115 MHz of spectrum in two bands for mobile broadband over the next five years as part of its plan for making 500 MHz of spectrum available for broadband over the next 10 years, NTIA Administrator Larry Strickling said Thursday. Only 15 MHz of the spectrum recommended by the agency is below 2.5 GHz, the spectrum most sought by carriers.

NTIA sent a report to the White House on Oct. 1, as required by a June executive memorandum by President Barack Obama. The report hasn't been released. Strickling unveiled a key recommendation Thursday at an FCBA luncheon, as the FCC held a spectrum summit across town. (See separate story in this issue.) The full report should be available soon, he said.

The report recommends the reallocation for broadband of 1695-1710 MHz — part of the 1675-1710 MHz band which provides weather satellite downlinks, Strickling said. The spectrum could be paired with the AWS-3 band, an offering that could be attractive to carriers seeking to beef up their spectrum portfolios. The report also recommends reallocation of 3550-3650 MHz, part of a military radar band serving high-power air- and ship-borne radar systems.

NTIA is also recommending quick action on 40 MHz on the edges of the 4200-4400 band, though the U.S. would have to work through the World Radiocommunications Conference process and that's unlikely before 2016, the conference after an impending one, Strickling said. "You have to start working now in order to get on that agenda," he said. "Because of the long lead time to get items on the agenda of the WRC, we will initiate the necessary legal actions while we complete our technical analysis."

Left off the list is the 1755-1780 MHz band, which carriers have pushed for pairing with AWS 3 spectrum. Strickling said in speeches over the summer that the band would be looked at more closely, but not as spectrum that could be made available through a "fast-track" process. Industry sources said after the speech it's not clear how much interest there will be in the 3.5 GHz spectrum.

"I don't know what industry expected," Strickling said after his speech at an FCBA lunch. "I absolutely heard that industry is interested in 1755, and it is a band we are going to complete an analysis on as quickly as we can."

Strickling said "hopefully" carriers "see opportunities" in the bands announced Thursday. "I think that we all understand that the 3500 band is probably not something that industry is going to use right away," he said. "It's important to identify it, set it aside, put it in the bank, so that the technology can start to evolve to using that band." He noted that in Europe the band is already being used some for WiMAX.

"While 115 MHz sounds like a big number, the lion's share of that spectrum lies above 3500 MHz, which we know is not prime real estate in today's wireless marketplace," Strickling said during his speech. He said that "in just a few months, we've gotten off to a good start."

NTIA will emphasize the importance of sharing spectrum, Strickling said. "The days of being able to clear big blocks of spectrum and auction them off for future use are becoming few and far between," he said. "That's really the challenge." — *Howard Buskirk*

Deficit Approaching

Genachowski Renews Warnings of Spectrum Crisis

The U.S. wireless industry will run into a spectrum deficit as early as 2013, the FCC said in a white paper released Thursday at its Spectrum Summit. Chairman Julius Genachowski opened the summit, as expected (CD Oct. 21 p1), warning of the coming shortfall.

In 2009, when data demands were relatively small, the U.S. had a spectrum surplus of almost 400 MHz, a chart in the paper showed. That surplus is expected to be halved next year and disappear shortly after. The FCC also tried to put a value on getting sufficient spectrum into industry hands quickly. The report said meeting the demand could create "\$120 billion in spectrum value, with hundreds of billions more in total value to the economy."

The forecast "demonstrates that the amount of mobile data demanded by American consumers is likely to exceed capacity of our wireless networks in the near-term, and that meeting this demand by making additional spectrum available is likely to create significant value for the mobile economy," the report said.

"Spectrum is finite," Genachowski said. "Demand will soon outpace the supply available for mobile broadband. This is not the first time I've said this, and it won't be the last. The coming spectrum crunch is a vital strategic and economic issue for our country and a vital consumer issue since increased congestion will lead to growing consumer frustration with their mobile devices." The U.S. has reached an "inflection point," the chairman said. "The explosive growth in mobile communications is outpacing our ability to keep up."

"I am pleased that we are starting to do the heavy lifting — to undertake the longer term spectrum planning — now," said Commissioner Robert McDowell, who also addressed the summit. McDowell warned that working out a process under which broadcasters can sell their spectrum won't be easy. "We are at the very beginning of what will surely be a lengthy process," he said.

All panelists agreed that a spectrum crunch is here. Mary Brown with Cisco Systems called the FCC's projection of spectrum deficit as early as 2013 "ultra conservative." The country may have a shortfall sooner than most expect, she warned. Executives and analysts from Qualcomm, Dell and T-Mobile USA agreed that it's crucial to free up more spectrum to meet an anticipated increase of 35 times in data demand, driven in part by the proliferation of multiple-device users.

But spectrum problems may not be solved as quickly as needed, said moderator Tom Wheeler, managing director of Core Capital Partners. The consensus that there's a spectrum crunch hasn't gotten through to Congress, said Danny Sepulveda, senior adviser to Senate Communications Subcommittee Chairman John Kerry, D-Mass. There are multiple spectrum revamp proposals on the Hill, and lawmakers want to hear more from stakeholders about what specifically they support, what steps are needed, he said. It's hard to get anything done until a consensus is established, Sepulveda said. That means it must wait at least until next year, he said. "We need to have a larger conclusive conversation that expands beyond the committee," he said. Meanwhile, it's time to discuss price, Sepulveda said. The appropriations committee matters a lot because public money is involved, he said.

A complete spectrum inventory is critical, said Matt Hussey, aide to Sen. Olympia Snowe, R-Maine. After that, spectrum reallocation, sharing and incentive auctions need to be considered, said Amy Levine, counsel with the House Energy and Commerce Committee. "We need all tools on the table as we move forward," she said. The goal of spectrum legislation is to establish a self-sustaining model in which some auction revenue can go into a spectrum reallocation fund, said Hussey. Spectrum is a bipartisan issue and "we do intend to move the issue forward," Sepulveda said. But he emphasized that nothing can be done without true consensus.

Many-sided solutions are needed to deal with the spectrum crisis, Hussey said. Another challenge is that the U.S. is running out of IP addresses, he said. Only 20 to 25 percent of the Internet infrastructure is IPv6 compatible, he said. It's essential to solve the IP address crisis, especially as carriers move to LTE or WiMAX, both IP-based technologies, he said.

"We need to move to incentive [spectrum] auctions," because they can turn inefficiency and political obstacles into advantages, said Peter Pitsch, Intel's general counsel. "The time has come." But over the long term, structural changes are needed from the government, carriers and consumers, said MIT's John Chapin. He urged policy makers to look at spectrum sharing and related policy options. Incentive auctions can be used in bands outside broadcasting, some panelists suggested. Extending them would be up to the FCC, Levine said.

Incentive auctions are a tremendous tool to help the FCC switch commercial spectrum to new uses, Cisco's Brown said. The outcome benefits everyone, she said. It's important that the new incentive auction tool proposed not be limited to specific commercial spectrum, she said. The spectrum crunch has to be addressed scientifically, factually and objectively, said Jonathan Blake of Covington & Burling, who has represented broadcasters. The broadcasters aren't on record as opposing incentive auctions, but making sure auctions are to be done right is important, he said.

The crunch is here and regulators and policy makers should act quickly to release additional spectrum, said panelists from the industry. Backhaul is critical, the panelists said. The industry is in the process of upgrading backhaul from copper to fiber, said Simon Flannery, a Morgan Stanley analyst.

Industry executives urged policymakers to act quickly to release additional spectrum. The National Broadband Plan is a huge step in the right direction and is driving the discussion forward, said Neville Ray, T-Mobile USA's chief technology officer. But "we have to turn the plan into reality quickly," he said. He urged evaluating freeing up spectrum in the federal government's hands. Early visibility into when and what spectrum will be available is important for the industry, said Liam Quinn, a director with Dell. "We need to be more aggressive in freeing up spectrum," he said. The lack of knowledge and uncertainty of what spectrum will become available is a real problem, Ray said.

Freeing up licensed spectrum is the only solution in the constrained environment for delivering data securely, said Peggy Johnson, executive vice president of Qualcomm. Forecasting spectrum is far from an exact science, said Flannery. It's important to set up an incentive system that allows easier release, transfer and allocation of spectrum, he said.

Meanwhile, early public adoption of Mobile DTV has been disappointing, several panelists said. It's an issue of content availability and functionality, Flannery said. But there's still much growth in video, because consumers are seeking the ability to get content whenever they want it, he said.

CTIA, CEA, TIA and other industry groups mostly applauded the FCC for the spectrum report. NAB "looks forward to working with policymakers" on Genachowski's proposal for broadcast spectrum, a spokesman said.

"The FCC's forecast and the supporting analysis are fully borne out by what we see daily on our wireless broadband networks," said AT&T Senior Vice President Robert Quinn. "Faster, more intelligent networks, coupled with increasingly more sophisticated connected devices and prolific application development has led to accelerated growth across the mobile broadband ecosystem." — *Howard Buskirk, Yu-Ting Wang*

Fox Called Different

Proposed Web-Video Curb on NBC After Comcast Takeover May Get Fresh FCC Attention

Requests to ban blocking of online video by NBC after control of its parent company goes to Comcast may gain traction at the FCC after a different broadcast network prevented its Web video from being seen by some cable broadband subscribers, antitrust lawyers and industry analysts predicted. The blocking of Fox.com and Hulu.com video from News Corp. over the weekend, in the company's retransmission-consent dispute with Cablevision, has raised speculation about similar action by NBC against a pay-TV provider during a retransmission contract dispute when it's controlled by Comcast (CD Oct 21 p5). The American Cable Association, DirecTV and Dish Network — foes of the Comcast-NBC Universal deal as it's planned — cited the Fox Web video blackout to the approximately 2.6 million broadband subscribers with Cablevision Internet Protocol addresses to renew their request for curbs on Comcast.

FCC staffers entering the latter stages of reviewing Comcast-NBC Universal likely will pay more heed to calls for such conditions, though the blocking wasn't related to Comcast, predicted some analysts and lawyers specializing in antitrust communications law. The Fox Web video blackout may be perceived by commission staffers as a new

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industry development, occurring after the agency's comment period on the deal closed and allowing them to consider new or modified requests for such curbs, they said. A Media Bureau spokeswoman declined to comment.

"You could certainly view it as a highly relevant development in that you wouldn't want to blind yourself to it," said lawyer Chris Kelly of Mayer Brown. "That it's a new development doesn't necessarily say anything about which way it cuts" in terms of how the FCC might account for it in an order approving Comcast-NBC Universal, he added. The event may be a "logical outgrowth of the issues that already were teed up in the merger proceeding at the commission, said lawyer Michael Hazzard of Arent Fox. "The distribution issue is already on the table, and this kind of supports the issue raised by a number of" pay-TV companies that compete with Comcast, he said. "This kind of breathes life into what they're seeking."

That News Corp. quickly restored Cablevision broadband subscriber access to Fox Web video indicates the broadcast network quickly saw the flaws in such a strategy, which didn't increase pressure on the cable operator enough to get a new retransmission deal, and shows that other broadcasters may not follow suit, Kelly said: "Maybe it's not such a red hot strategy" and News Corp. could be viewed "as a test case." The issue with Fox is "important," said analyst Paul Gallant of Washington Research Group. "It's also pretty complex and it comes so late in the game that the FCC may just decide to look at it on an industry-wide basis rather than in the Comcast-NBC review."

"The dispute between Fox and Cablevision does not in any way affect the Comcast-NBCU transaction," a Comcast spokeswoman said. "If anything, it reaffirms that any issues around retransmission consent and related matters are industry-wide, not transaction-specific, issues." Hazzard said it's possible that the FCC could seek further comment on questions raised by the Fox Web video cutoff as they pertain to Comcast-NBC Universal.

The "donnybrook" between Cablevision and Fox "could spill over" to Comcast-NBC Universal to increase the likelihood that the U.S. imposes over-the-top (OTT) program-access and retransmission conditions on the deal, Stifel Nicolaus analysts wrote to investors Thursday. "Fox's temporary blocking of Cablevision subscribers from Fox online content will add to calls for DOJ and FCC to extend program access rules to over-the-top Internet video distribution, and to require Comcast to unbundle for retail customers its OTT programming from its cable subscription service." Both curbs could be imposed on the deal, the analysts said. — *Jonathan Make*

Bandwidth Economics 'Terrible'

VCs Down on Carriers as 'Middlemen' in Video Explosion

BELLEVUE, Wash. — The arrival of Apple TV, Google TV and other services to deliver programming directly to consumers threatens cable companies' business model, venture capitalists said Thursday at the Network Computing Architects Security & Technology conference. Carriers will also have to re-think business models as data-intensive applications, such as video, swamp their networks, VCs said. The backdrop to the discussion was Cablevision's fight with Fox over carriage fees. Fox briefly blocked Cablevision subscribers Saturday from its programming on Hulu, and on Thursday was still denying Cablevision customers in New York and Philadelphia wired access to Fox TV stations.

Cable companies have "huge profitables" from video and can make more from providing "bits or bytes over the top" a la carte, said Alan Bezoza, research analyst for Janus Capital Group. But as Netflix and others circumvent cable companies, "the content guys are afraid, because they make so much money from the crap that nobody watches" in cable packages, he said. ESPN on its own would probably cost \$10 a month, Bezoza said. Consumers are less likely to spend ever-increasing sums for their connectivity and content than to shift spending from "middlemen" such as cable, Bezoza said. Mina Faltas, investment analyst for Viking Global, said over-the-top video probably will be "complementary" to current video consumption near term, not a direct threat.

The reliability of the network delivering content becomes much more important as a result, said Bill McAleer, managing director for Voyager Capital. He said he looks for startups that provide "enabling technology," such as more efficient streaming capabilities, and is generally skeptical of business models dependent on a carrier. Faltas said providers of networking systems, network security and content delivery networks will be the winners as video is decentralized. "The prisoner is running the prison," he said, referring to iPhone users overwhelming AT&T's network and giving the device a reputation for unreliability.

Consumers pay for bandwidth as if it's water pressure, a "terrible" economic model as data use grows, Bezoza said. "The Internet would crush itself" if even 10 percent of video subscribers started watching shows online exclusively, he said. Bezoza said carriers will have to increasingly adopt metered service to pay for bandwidth upgrades, especially because new wireless standards don't provide much more efficiency and the growth of tablets like the iPad will pose new bandwidth crunches. Device makers could help by incorporating dual-mode functions, so devices can automatically hand off connections to a Wi-Fi network from a 3G network — but that option isn't economical for wireless pure-plays that would have to pay the Wi-Fi provider for the handoff, he said.

The tech landscape experiences a "sea shift" roughly every 14 years, McAleer said. Today's shift is "ubiquitous computing," but just as importantly, consumers are increasingly driving the changes, he said. Thanks to the "consumerization of IT," businesses can add new technologies to their operations with fewer frustrations, such as adding a Mac to a PC office or running Citrix for remote access, Bezoza said. "Right now, I think, IT managers aren't dealing with it," because the simplification of IT functions threatens their budgets.

The "commoditization" of hardware through virtualization and the popularity of tablets presents challenges for carriers because data can move much more easily, Bezoza said. Tablets may also have negative effects on unrelated industries, such as printing services and paper suppliers, as people increasingly view and share documents on portable screens, Faltas said. Startups founded by engineers or product specialists often fail to explain how customers can easily use their product or service, getting too excited about showing VCs how cool their technology is, McAleer said. What draws VC interest is showing how a service can simplify the consumer experience — something as simple as formatting a Web service for a mobile device, launched by a screen icon, Bezoza said.

While VCs look for "disruptive" technologies and how to fix "pain points" in technology, deciding whether to fund a startup often comes down to a "gut feel," McAleer said. He reads college newspapers and blogs to get a sense of how students feel about technology, and he said he had his children play with one startup Voyager is considering, a "time-limited" mobile location service that helps people find each other. McAleer said about half of Voyager's deals ultimately fail. For every 10 investments, "ideally we get one home run" or a few doubles, he said. Bezoza said he ultimately considers "sentiment" when evaluating a potential investment, paying special attention to "well-hated" ideas. "Sometimes it's business psychology more than anything else." — *Greg Piper*

'Not Enough Spectrum'

AT&T Sells Record Number of iPhones in Big Wireless Quarter

AT&T added and retained more wireless customers in the third quarter than it had in any previous Q3, the carrier said Thursday. And it sold a record number of Apple iPhone handsets, though many were to subscribers it already had. AT&T mobile broadband "is approaching a \$20 billion a year business, and the business is growing at 25-30 percent," Chief Financial Officer Rick Lindner said on the carrier's earnings call. Wireline isn't achieving the same success, but Lindner said the carrier isn't thinking about ditching the business.

Voice revenue from business customers is falling, Lindner said. "The one area that has been a drag in the business somewhat is voice volumes." But AT&T still believes there are advantages to keeping both its wireline

and wireless businesses, Lindner said. To provide bandwidth, capacity and good service, “you’ve got to drive that traffic as quickly as possible into a wired infrastructure.”

“There’s not enough spectrum to be able to take everything that you’re sending over wired facilities and put it on wireless, especially when it comes to video,” said AT&T Mobility CEO Ralph de la Vega. “In the end, you always need a combination of both.” It’s good for the health of U.S. spectrum that more companies are adopting tiered data rates allowing customers to pay less to consume less data, said de la Vega. Verizon Wireless recently followed AT&T in adopting such a pricing structure. “I’m glad to see that more and more in the industry are in fact realizing that spectrum is a valuable resource and are pricing data consistent with a valuable resource,” he said. “That is fundamentally the right approach for the long-term benefit of the industry.”

AT&T aims by year-end to complete a network software upgrade to raise its wireless network to HSPA+, de la Vega said. The company, meanwhile, “is making progress” on backhaul upgrades, he said. The carrier has LTE trials in Dallas and Baltimore and plans to launch in mid-2011 to reach 70-75 million POPs before 2012. In Q4, AT&T also will start to aggressively move former Alltel customers to newer GSM networks and billing systems, said Lindner. “In the course of doing that, we’re going to have to provide that base with new devices, and there’ll be subsidies involved in that.” That may affect wireless margins “for the next two or three quarters,” he said.

AT&T added 2.6 million net wireless subscribers in Q3, and now has 92.8 million total. But 1.2 million of those adds came from connected devices like the Amazon Kindle, sold with a free AT&T 3G subscription. AT&T said it added 745,000 net postpaid retail customers and 321,000 net prepaid customers. Postpaid churn was 1.14 percent, matching the third-quarter record **low** set last year. Total churn was 1.32 percent, down from 1.42 percent in Q3 2009 and a new third-quarter record for AT&T. Total wireless revenue increased 11.4 percent year-over-year to \$15.2 billion.

Devices with data capabilities were a major factor in AT&T’s wireless growth. The company sold 8 million postpaid “integrated” devices that combine voice functionality with QWERTY or virtual keyboards, it said. About 5.2 million were Apple iPhones, the most iPhone activations that the carrier has had in a single quarter. But only 24 percent were for new AT&T subscribers. The company said 57.3 percent of AT&T’s 67.7 million postpaid subscribers have integrated devices, up from 42 percent in Q3 2009. Data revenue increased 30.5 percent year-over-year to \$4.8 billion in Q3. AT&T said it makes 1.7 times more revenue on average from integrated devices than from others.

AT&T’s consumer wireline business increased just 0.2 percent to \$5.3 billion. Residential voice connections dropped 11.4 percent year-over-year to 24.9 million. AT&T added 148,000 wireline broadband customers in Q3 and now has 14.1 million. Total wireline revenue dropped 3 percent year-over-year to \$15.3 billion. Meanwhile, AT&T added 236,000 net U-verse TV subscribers and now has 2.7 million. More than 90 percent also get U-verse High Speed Internet, and 60 percent also have U-verse Voice. Combining U-verse and satellite TV subscribers, AT&T has 4.7 million video subscribers. Planned additions to U-verse TV include the capability to pause and rewind live TV in any room, and the rollout of a fourth simultaneous HD stream, AT&T said.

Most of AT&T’s iPhone gain likely came from a promotion to retain customers who might leave for Verizon when AT&T loses exclusivity on the popular Apple device, said analysts at Bernstein Research in a note Thursday. “At \$375 subsidy per activation, the increase in iPhone activations alone” cost \$750 million in the quarter, the analysts said. But the “two year lock-up of iPhone subscribers positions AT&T much better versus Verizon than consensus expectations seem to expect.” Smartphone growth also led to higher operating costs, Bernstein noted. AT&T said its total spending was up 31.8 percent from last year’s, more than most Wall Street analysts expected. AT&T shares fell 0.87 percent Thursday, landing at \$28.36 at the market’s close. — *Adam Bender*

'White Boxes'

FCC Passes Milestone on Broadband Speed Study; Industry Willing to Help

The FCC has shipped 1,000 “white boxes” to academics at the Massachusetts Institute of Technology and Georgia Tech, in an effort to test broadband speeds around the country, the commission said Thursday. The boxes are designed to be installed in consumers’ homes to track hourly data on broadband speed. By month-end, 10,000 of the boxes are scheduled to have gone out, Chief Walter Johnston of the commission’s Electromagnetic Compatibility Division told an agency meeting on broadband.

The boxes are part of a program to create a uniform set of standards and methods for monitoring broadband speeds. It’s based on a similar program, begun three years ago in the U.K. Consulting firm SamKnows is running both studies. Several hardware manufacturers have agreed to install the monitoring software in their products, SamKnows CEO Alex Salter told the meeting. The effort comes as the commission weighs whether to use universal service money to supplement broadband deployment. The National Broadband Plan calls for a minimum of 4 Mbps in U.S. homes, a goal that has drawn criticism, especially from rural Internet companies.

Several companies and industry groups have agreed to participate in the study. They include AT&T, Cablevision, CenturyLink, Verizon, FairPoint, Frontier, Comcast, Qwest, Time Warner Cable, USTelecom, Windstream, Adtran, Corning and Intel. So has the New American Foundation. Their ad hoc leader, David Young, Verizon’s vice president for regulatory affairs, said the companies, facing disclosure requirements, wanted to help shape speed standards so that everyone is reading from the same page. “The real discussion” will begin once the data is collected early next year, Young said. “Interpreting the data is the real issue,” he told us.

The commission is bullish about the study, Johnston said told the meeting. His division is talking with other FCC officials about the speed study and its implications for bureaus, especially for Public Safety. Young reminded him that industry views the study as a “proof of concept exercise” and that “we will need to revisit” matters if the scope of the study expands further. — *Bill Myers*

Industry 'Survival Game'

Connected TV Outlook Tempered by Privacy, Content Issues, CEA Conference Told

SAN FRANCISCO — Connected TV is a “survival game” for the industry, Gaurav Arora, senior manager of Broadcom’s consumer electronics group, said on a panel at this week’s CEA Industry Forum. The Internet-centric purchasers of five to 10 years from now are in college and if TV sets aren’t connected for them, “the product will die” and be replaced by an iPad, laptop or smartphone, he said.

With the TV industry turning to connected TV as the next big thing — DisplaySearch predicts worldwide connected TV sales of 40 million units this year and 118 million by 2014 — new challenges will emerge as the TV viewing model shifts from passive to active. How to reach consumers amid an overwhelming world of content is one challenge, and navigating consumer privacy while trying to personalize content is another.

Connected TV “turns TV into a million things for a million different people,” said Arora. The shift from serving viewers en masse to serving them individually will mirror what the Internet did with the computer. “People have access to more targeted information and that’s what it means for TV, too,” he said. This will “change the TV model in a lot of different ways,” he said. Connected TV offers opportunity for content providers, but having content discovered is a challenge. How content can be integrated with electronic program guides currently provided by cable and satellite providers remains to be seen. “If you’re a company spending \$100,000 on an app, how will it get

discovered?" Arora said. One option is a featured section and another is "auto-detection based on viewer preferences related to what they watch," he said. "Content ID is one way the industry is headed."

But privacy issues loom large, because consumers will have to open their viewing habits, likes and dislikes to content aggregators for connected TV to reach the personalized potential that its supporters promise. Issues that TiVo has faced in the past with gathering viewing data, and viral pushback that Facebook has seen over the past year, indicate that consumers will resist data gathering by third-party sources as connected TV takes off.

Privacy is "one area we haven't had time to explore further," Sheau Ng, vice president of broadcast and consumer technology for NBC Universal told *Consumer Electronics Daily*. Consumers should be "enabled and empowered" with the technology available now to control what kind of information they're exposed to, he said. He suggested there's an opportunity for CEA to standardize privacy practices to simplify those issues for consumers, who now either accept or reject privacy agreements that appear in pages of small-print legalese on websites. "It would be ideal to have consumers able to choose what to say in a commonly understood language," he said, because today consumers "tend to stay on the safe side" and opt out of sharing altogether.

Ng said that leaves a black-and-white situation in which information is either private or not, when consumers really want something in between. Consumers today opt out of sharing to avoid giving up sensitive information including Social Security numbers, Ng said, but that action blocks access to data that could benefit their viewing experience in the growing world of entertainment content. Questions like, "do I like Coke or Pepsi?" he said, are answers consumers seem happy to share if that nets them something in return. "We are not quite getting the consumer to address 'what benefit do I get out of'" releasing preference information, he said. He envisioned a possible business model emerging from a company acting as an intermediary between marketer and consumer in the age of interactive TV. Consumers who provide tracking data might get a Starbucks reward code or a discount off purchases from a particular manufacturer in exchange for that information, he said. "That kind of transaction never happens today because consumers aren't sharing that information," he said. Development is under way, he said, for ways companies can collect data useful for them and for consumers without intruding into areas consumers want to keep private.

Privacy is extremely important," Ronald Jacoby, senior director of Yahoo Connected TV, told us. "It has to permeate everything you do." Internet content providers have to understand the legal limits of data collection, what consumers are comfortable with and then "be transparent in what you do," he said. Then you have to "give them the choice to participate or not," he said. Facebook has had some struggles, he said, as it has ridden a steep growth curve. "Any time you don't do something you say you're going to do or do something you say you didn't do, you will run into problems," he said. Yahoo has an internal group that deals with "public policies on down," he said. "We tread carefully on these grounds to make sure we're on the right side of things." — *Rebecca Day*

Comm Daily® Notebook

Net neutrality rules would help people with disabilities by ensuring they can access the websites and Internet services they need without paying more than other consumers, more than a dozen advocates for the disabled said in a filing posted Wednesday to FCC docket 09-191. They disagreed with January comments by the World Institute on Disability that such rules would hurt people with disabilities. Net neutrality means "we can rest assured that ISPs are not blocking certain resources or limiting the amount of bandwidth we use" and "organizations and services that are integral to our community can have a Web presence without having to negotiate with an ISP to be accessed at a high speed," said those supporting the new filing, organized by the Media Alliance. Signers of the letter included members of Disability Education and Enforcement Services, the Disabled People Outside Project, Independent Living Resource Center San Francisco and National Multiple Sclerosis Society.

OMB authorized NTIA to continue operating its broadband stimulus program despite having no money to conduct oversight (CD Oct 12 p4), said NTIA Administrator Larry Strickling at an FCBA luncheon Thursday (see separate story in this issue). Because of a "budgeting quirk," NTIA has no money for management and oversight of the program even though President Barack Obama proposed \$24 million for that purpose in his fiscal year 2011

budget, Strickling said. But OMB will let NTIA run the program “on the assumption Congress will include money for this program when it eventually passes a budget,” he said. “So we are operating pretty much normally for the time being.” In the meantime, NTIA is “working closely with Congress and the White House to secure this necessary funding before the end of the year,” he said.

The FCC should push off at least six months a March 29 deadline by which companies must be able to receive Common Alerting Protocol emergency alert system warnings, associations including the NCTA, American Cable Association, Society of Broadcast Engineers, Association for Maximum Service Television, NPR, Association of Public Television Stations, PBS, NAB and 46 state broadcast associations said in a petition. The commission should at least hold the deadline in abeyance until it completes its own CAP-related equipment certification process and finishes a pending rulemaking on changes to Part 11 of its rules to reflect CAP implementation per the Communications Security Reliability and Interoperability Council’s recommendation, the petition said. While deadlines often are needed to spur desired conduct, new uncertainties have come up related to CAP and EAS since the commission adopted the March 29 deadline, the petition said. “EAS participants still lack basic, needed information as to whether the FCC will institute its own CAP-compliance certification process, how long such a process will take and how long it will take the commission to complete its CAP-related rulemaking.” FCC and industry officials expect the agency to extend the deadline after getting a request for a delay (CD Oct 5 p1).

The FCC on Thursday tapped Core Capital Partners Managing Director Tom Wheeler, former CTIA and NCTA president, as chairman of the newly formed (CD Oct 21 p2) Technological Advisory Council. Thirty-eight executives or academics will sit on the committee, which is to “identify important areas of innovation and develop informed technology policies,” the commission said. Industry representatives include Bud Tribble of Apple, Richard Lynch of Verizon, Charlotte Field of Comcast, Brian Daly of AT&T, Lynn Claudy of NAB, Richard Currier of Loral, Brian Markwalter of CEA and Vint Cerf of Google. Other members include Dale Hatfield of the University of Colorado’s Silicon Flatirons program and Tom Evslin of the Vermont Telecommunications Authority. The group’s federal officer will be Walter Johnston, chief of the FCC’s Electromagnetic Compatibility Division. The council’s first meeting is scheduled Nov. 4 at commission headquarters.

Wireline

Union employees have settled with Qwest and CenturyLink and are now giving a thumbs up to CenturyLink’s proposed takeover of Qwest, an ex parte filing by the Communications Workers of America said. The union had raised red flags about the acquisition, but CWA Telecom Policy Director Debbie Goldman and Research Director Louise Novotny said it and the International Brotherhood of Electrical Workers have settled their differences with the companies. CenturyLink has agreed with Minnesota regulators to wait at least two years after the deal is completed before it begins integrating the companies’ operating systems, and the CWA said that allays its concerns. The unions have also been reassured that there won’t be drastic job cuts and that when call center jobs are sliced, there will be about a year’s transition. The “settlement is in the public interest and constitutes a reasonable resolution to issues raised by CWA before this commission,” the union’s filing said.

Benton Foundation CEO Charles Benton and his aides sat down with Commissioner Mignon Clyburn and her wireline adviser, Angela Kronenberg, to urge “careful changes” to the universal service fund, the foundation said in an ex parte filing published Thursday. Benton said the commission ought to focus on program offerings, expanding eligibility and “outreach.” The commission is working on an USF overhaul item for the December meeting (CD Sept 27 p4). FCC officials told us there will be rulemaking notices on intercarrier compensation, high-cost USF and the contributions methodology.

Wireless

An ITU-R working party last week signed off on IEEE and 3GPP technologies for International Mobile Telecommunications-Advanced 4G wireless broadband standards, the organization said in a press release. The

technologies are 3GPP's LTE-Advanced and an IEEE's 802.16m WiMAX variant called "WirelessMAN-Advanced." Final approval of an ITU-R recommendation on the radio interface specifications and related parts is expected in 2012, possibly by the Radiocommunication Assembly, said an executive involved in regulatory affairs. 3GPP said it will provide the detailed technical specifications and standards to the ITU-R by 2011 for inclusion in the recommendation. WiMAX proponents have a lot of work yet to complete, an executive said. The IEEE group needs to make a "final" submission by March 23, he said. — **SB**

Internet

Comcast, Liberty Media, Facebook, Amazon and Zynga set up a \$250 investment fund with venture capitalists Kleiner Perkins Caufield & Byers and Allen & Co. to provide financing and advice to social media entrepreneurs, they said. "Social businesses play an increasingly important role in our entertainment and communications products," said Comcast Chairman Brian Roberts. The fund will be managed by Kleiner Perkins partner Bing Gordon, they said. Facebook CEO Mark Zuckerberg said, "We're focused on enabling entrepreneurs to build companies that can disrupt their industries."

International Telecom

Australia wants an ITU-R study group on broadcasting to revise a recommendation to optimize user requirements for wireless microphones in the 174-230 MHz and 520-694 MHz bands. The aim is to better describe system parameters and operational requirements and to account for the range of frequencies that will be used for TV services after analog TV is switched off. The Australian government hasn't decided on appropriate bands for wireless microphones. The choices include interleaving with broadcasting services in the 520-694 MHz range or in guard bands or midband gaps of internationally or regionally harmonized arrangements above 694 MHz. Wireless microphone products designed with tunable wireless microphone channels that are switchable are desirable for Australia. The products would ideally work across the 520-694 MHz range and be compatible with any internationally harmonized frequency ranges, Australia said.

Participants in an ITU-R group on broadcasting are considering revisions in studies on protection requirements of broadcasting systems against interference from radiation caused by wired telecom systems, industry, scientific and medical equipment and short-range devices. Telecom systems are being developed with data rates up to 1 Gbps in the HF, VHF band, plus the UHF and possibly above, the draft text said. The changes refer to the lack of insulation against RF radiation in electrical wiring and the effect on the bands.

Broadcast

Support to immediately start an auction of FM translators, instead of waiting for low-power stations to make requests for similar spectrum, came from another commercial broadcaster this week. Sinclair Telecable supports the request made by a group of a dozen broadcasters to start issuing construction permits in Auction 83, the company said in an FCC filing. It has had a translator construction permit request for Norfolk, Va., pending since 2003, when the commission accepted such applications.

Cable

The FCC sought comment on a Time Warner Cable petition seeking a declaratory ruling to provide guidance to cable operators on whether they can charge customers for services or equipment they never ordered "affirmatively" and "by name," said a Media Bureau public notice released Thursday. Comments in docket 10-215

are due Nov. 9, replies Nov. 19. Time Warner Cable is a defendant in a lawsuit in California state court alleging it violated commission rules barring such "negative option billing," the bureau noted.

The FCC may correct its CableCARD order to incorporate the most recent version of CableLabs testing and checklist information by pointing to where those materials are available, at www.cablelabs.com/opencable/udcp, NCTA said in a filing posted Wednesday to docket 97-80. Should the regulator issue an erratum, it may want to make two changes to the order, approved 5-0 at the agency's Oct. 14 meeting, by adding the words "CableCARD-reliant" to two sections of the order, the group said. NCTA said its lawyers spoke with Brendan Murray, a Media Bureau attorney who helped write the order. The CableCARD order shows the FCC's "mindset" in approaching forthcoming rules to require all pay-TV providers to let subscribers connect their consumer electronic video devices to their systems, a research fellow at a group that often opposes regulation wrote Thursday. The agency seems to be "continuing to disregard the variety of video delivery options available to consumers spanning multiple platforms — including DBS, telco video services, video gaming devices, broadband-enabled smartphones, and PCs with broadband Internet connections," wrote Seth Cooper of the Free State Foundation. "The Commission's regulatory ambitions also appear undeterred by its unsuccessful attempts to regulate technical features of set-top boxes, including its integration ban" and Firewire mandate for HD boxes to include IEEE 1394 jacks, he added. The order scrapped that requirement in lieu of requiring all two-way HD boxes to have any Internet Protocol output (CD Oct 15 p4).

Comcast said it updated its mobile app for iPhones and iPads to support integration with its voice and data products. The new version supports Caller ID alerts on those devices when a customer's Comcast digital voice line rings. It also lets a customer log in with the Comcast Universal ID to manage services from the company, such as setting a DVR, it said.

Correction: Don Dulchinos is senior vice president of advertising and interactive services at CableLabs (CD Oct 20 p12).

The number of set-top boxes that include integrated cable modems will grow over the next several years, though total global box shipments are set to decline 8 percent in 2010 from last year, In-Stat said. Cable operators are increasingly interested in using Internet Protocol for video transport, because it's more efficient and less expensive than conventional alternatives, the amount of programming available in IP formats is increasing and industry executives want to make more use of DOCSIS cable modems, the research firm said. "The cable modem is the perfect conduit for IPTV to the cable TV household," said analyst Mike Paxton. "Cable modems are already performing this task in millions of households, just not through the digital set-top box." Instead, he said, the video is being displayed on PCs and other devices.

Satellite

Com Dev said it won two contracts worth \$11.8 million total for commercial satellite equipment. The company said it will provide switches, multiplexers, filters, and ultra-high frequency equipment.

Communications Personals

New partners at Patton Boggs technology and communications practice: **Matthew Berry**, recently hired by the firm, and **Robert Quicksilver**, ex-Tidal TV ... Monroe Electronics names **Edward Czarnecki**, co-founder of EAS-CAP Industry Group, director of strategy and regulatory affairs, guiding the company's emergency alert system strategies ... **Jon Nesvig** retiring at year-end as Fox Broadcasting president of sales ... Panasonic Solutions names **David Nicholas**, ex-Cheetah Technologies, to lead its cable group as vice president.