

CableViews

Ohio Cable Telecommunications Association

Issue One 2012



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OCTA 2012 Annual
Meeting Co-Chair

Shifting Landscapes Shape Industry Strategies

With 2012 chugging along, the prognosticators have packed away their crystal balls and now wait to see how their predictions for the new year will pan out. For those anticipating trends in the cable industry, the forecasts are as easy as they are difficult. Easy: Change is on the way. Not so easy: Which of the many changes foreseen will dramatically reshape the way we live and work in our digital world?

The OCTA's 2012 Annual Meeting, set for March 21st at the Columbus Athenaeum, will take a closer look at trends shaping the telecommunications landscape this year and beyond. A panel of programmers, marketers and operators will delve into the promise and realization of *TV Everywhere*, and John Martin of the Boomer Project will share his firm's analysis of the top ten trends reshaping the future of the telecommunications industry.

Attendees will learn how some trends, including "time-shifted" TV viewing and viewing on portable devices, are technology-driven. In this highly competitive and rapidly evolving marketplace, consumers have a growing number of options for enjoying video content on multiple devices both in and out of the home. Multichannel video providers and Internet video services are offering consumers many options for enjoying TV content on PCs, tablets, gaming consoles and Internet-connected TVs.

Video set-top boxes have grown from basic tuning devices into high-definition Digital Video Recorders, offering on-demand content, interactive program guides, Internet content, and other interactive and cross-platform services. Increasingly, cable providers

are offering *TV Everywhere* services that don't use a set-top box. These innovations are increasing consumer demand for access to video content anywhere, anytime and on any device.

Some trends that seem less obvious may in fact have significant impact on our industry. One of those, as identified by research and consulting firm The Boomer Project, is a phenomenon the company refers to as the *Silver Tsunami*. Over the next 20 years, America's 65-plus population is projected to double. Baby Boomers are the generation driving this trend. As change agents, Baby Boomers will transform what it will be like to grow old in America. This includes the growing importance of "aging in place" – in the home – and the enormous opportunities this presents for the cable telecommunications industry.

Also on the agenda, hear how the growth of MSO services for the home fit hand-in-glove with the *Silver Tsunami*. Time Warner Cable's *Intelligent Home*, Comcast's *XFINITY* service and others go well beyond traditional security services to include lighting and climate control, video monitoring and other features that could prove invaluable to aging in place, allowing independent living for seniors with important safeguards.

With a full program of timely topics, the annual Legislative Luncheon and the OCTA IMAGE Awards ceremony, the OCTA Annual Meeting is the best deal going for cable professionals seeking to advance their knowledge of industry developments. Complete information on the meeting is available at www.octa.org. We hope you'll join us there!

John Higgins is Area Vice President of Operations for Time Warner Cable Northeast Ohio/Western Pennsylvania

BBC World News America Anchor Katty Kay to Speak at OCTA Event

Legislative Luncheon Speaker to Offer Unique Perspective on the 2012 Elections



In 2012, the OCTA's premier luncheon event takes on an international flavor. Katty Kay, lead anchor for BBC World News America, will offer the keynote speech at the 2012 Legislative Luncheon on March 21st, sharing her insights on Washington and a look into the upcoming elections through an international prism.

Katty Kay is known in America and abroad for her keen instincts as she frames the day's

headlines and provides an understanding of globally complex issues. Prior to taking over as lead anchor for BBC World News America, Kay served as Washington Correspondent for the BBC since 2002. Along with her anchor duties at BBC World News America, Kay is a regular guest commentator on *NBC's Meet the Press* and *The Chris Matthews Show* and MSNBC's *Morning Joe*, where her presence provides a lively perspective on news from Washington. She is the co-author of The New York Times bestseller, *Womenomics: Write Your Own Rules to Success*.

Face *to* Face

with Michael Powell

Michael K. Powell, former Chairman of the Federal Communications Commission (FCC) from 2001 to 2005 and a member of the FCC for eight years, began his tenure as President & CEO of the National Cable & Telecommunications Association (NCTA) in April 2011.

During Powell's tenure at the FCC, he worked to bring FCC regulations into the 21st Century and focused on initiatives to encourage market-driven solutions that promote consumer interests. He also supported new methods of deploying advanced services through technologies that would expand affordable broadband options to all Americans regardless of their geography.

Prior to his tenure at the FCC, Powell served as Chief of Staff of the Antitrust Division in the Department of Justice. He also served as an associate in the Washington, D.C., office of the law firm of O'Melveny & Myers LLP and clerked for the Honorable Harry T. Edwards, Chief Judge of the United States Court of Appeals for the District of Columbia Circuit.



Jonathon McGee: Having been chairman of the FCC, you obviously knew the cable industry well even before you joined NCTA. What were some of the key issues addressed during your time there?

Michael Powell: I was at the FCC for 8 years, so there were many different issues. But some of the most seminal included the early period when cable, through technology innovation, pioneered the cable modem, which led to the invention of broadband. During that time, there were a lot of interesting regulatory questions being asked, such as whether cable operators should be required to provide other companies access to their private investment infrastructure. These were heated issues both at the Commission and at the state/local franchise level, and they led to the U.S. Supreme Court upholding our FCC decision in the *Brand X* case. There were also issues associated with whether indecency regulations should be extended to cable, with universal service reform and even pole attachments intensely discussed. There are hundreds more but those are a few that stand out.

JM: Now that you're on the "inside" of the cable industry, are there things about it that are different than you first thought?

MP: I don't think it's surprising or shocking, but I have been pleasantly surprised about how vigorous cable is as a business. As a regulator, you learn a little bit about the business and you learn a lot about the regulatory framework in which they operate. But I have now been able to meet the men and women inside companies who really are plotting their future and the country's future around their products. Although some might think of the cable industry as a generally conservative industry, there is

Before his legal career, Powell served as a policy advisor to the Secretary of Defense. His experience also includes military service as an armored cavalry officer in the United States Army. Powell graduated from the College of William and Mary with a degree in Government and earned his J.D. from Georgetown University Law Center.

Fast Facts:

-Shows on the Home DVR – Last season's episodes of *Mad Men*; *Boardwalk Empire*, *Modern Family*, *Parenthood* and *Revenge*

-Currently reading – Steve Jobs' biography

-Alternate Career Path – Broadway lighting designer

-Personal Hero/Role Model – Winston Churchill

a strong and vigorous commitment over the long haul to deep investment and innovation. I have also been surprised to find that the industry, when it works with government, really takes a very pragmatic, solutions-oriented approach. I think if I were to put it simply, the cable industry believes that it largely has the tools it needs to sink or swim on its own in a competitive market. We are going to be vigilant about proposals of new or different rules and we don't see the government as a place to go for easy resolution of the competitive challenges that we have. We assume these are issues that have to be worked out in the business community and the broader marketplace. When you are in government, you see elements of that philosophy but it's refreshing to see it, and to represent that vision.

JM: In your prior positions and background, and in that of your family, there are clear themes of public service and patriotism. Do these themes play into your new role as CEO of NCTA?

MP: That's a good question and the short answer is "yes." When I first thought about the industry's strategic vision from my perspective, the top two things are focused on the future. The world is moving exponentially faster in the technology space, in the digital space, in the Internet space, and we have to be proud of our heritage. But we can't allow it to be a ball and chain that holds us back from taking risks, innovating more quickly or trying things that haven't been tried before. That should be a fresh new focus of ours.

But, I also say that as a leadership principle we are and must continue to be patriotic. Our country, as well as the world, is going

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through the third great socioeconomic transformation in world history. We are seeing an unfolding of the information age, much like the industrial age unfolded at the turn of the previous two centuries, or the agricultural age before that. In the information age, access to information will be power and knowledge. It will be the cornerstone of full employment. It will define what constitutes the American dream. We are purveyors of an asset – which is broadband – that is critical to whether America will be as great an empire in the 21st century as it was in the industrial era. The broadband industry reaches most of America and we continue to deploy faster and better capability, and to connect more consumers to the infrastructure. Not only is that good business, that's an interest that's consistent with the goals and the needs of the United States. I like to tell people that I'm an unabashed patriot and I think that the industry should be too. And when there's a compelling call to do something to improve the lives of Americans, and maybe make a buck along the way, I think we are a better industry and a better servant to the American public. That's why we are willing to team up with the FCC on a nationwide broadband adoption initiative that includes \$9.95 broadband access to poor families and children whose educational future is critical to whether we as a country succeed. We do that in part because we think it's good business, but also because it's what we think the country needs.

JM: What do you think the industry does especially well?

MP: As an industry that has to serve a huge cross-section of the American public 24 hours a day, while we have our hiccups, it's an extraordinary engineering feat that we deliver information and entertainment at a very high degree of reliability. The average consumer goes home expecting to turn on their broadband and have the Internet work and almost every time that's the case. The cable industry has done a fairly good job of listening to what consumers want in periods of innovative change. People have forgotten that the cable industry has essentially revolutionized TV. TV was something that came over the air. A lot of Americans could not receive the signal because the signal doesn't travel everywhere. Cable was invented to solve that problem, essentially to bring distant signals to consumers that didn't have TV reception, and when it did, it made TV better. From a world of a handful of channels, a day-part kind of model, they created a universal model with a lot of content. We invented broadband, we didn't invent the Internet. We didn't invent the consumers' first experience with the Internet through dial-up, but the cable modem showed people what anytime, always-on, broadband functionality is like. I think the industry innovates well at critical junctures because it listens to its consumers.

JM: What could it be doing better?

MP: We are too conservative. I think it has served us well at other periods in time, but it does not serve us well today. I compare it to the computer industry in which there is a world that revolves only around hardware economics and culture, and a world that revolves around software economics and culture. Cable needs to steadily become more like software, with its faster innovation cycles and its experimentation. We need to work more aggressively to involve the consumer in participating in the experience, and invite the consumer to make the experience better. If people go to Amazon to do their shopping, they get the benefit of their peers, who are helping to rate, modify and improve the experience. A company like Amazon will constantly be evaluating that feedback loop and I think that's something that we need to move toward, so that we have that kind of cycle too. I think that you cannot stand still in turbulent waters when markets are changing and technology is changing.

JM: What are the specific policy challenges the industry will be addressing over, say, the next six and twelve months?

MP: What's most interesting about policy challenges is what you can't foresee, and that's an important caveat, because it's stunning how many policy issues are reflective. Something happens in the market, something catches fire, consumers get unhappy or happy about something, or somebody invents something that nobody imagined and then, all of a sudden, things change. The iPhone is a great example. And very few people conceived the power of WiFi. When I first started in this business, it was just junk spectrum that the FCC had so that baby monitors could operate without interfering. Now it's probably the most powerful connective tissue in the information infrastructure. I have seen increasingly that, as the Internet matures, a lot of issues are coming at us. So, for an example, we will be working on privacy this year, on striking the right balance. But where does that really come from? The headline-grabbing stuff comes from Facebook, or Google, because they are allowing massive numbers of people to involve themselves and reveal a lot about themselves. So privacy is going to be redefined in the American culture around the web, but yet it has real implications for cable. Other similar issues arising from the web revolve around piracy of online content or digital theft, and cybersecurity, which is of great importance to the country. How can we invite the American public on to the online space if we aren't sure it's secure, or they are not put at risk of harm? This is an issue we will be much more involved in.

As for 2012, it's an election year and very little of this is really going to happen. But we should never think that we are divorced from the bigger meta-policy issues. This country's fiscal health, this country's economic growth, is as critical to us as anyone else. Tax reform or tax policy, if re-engineered, as we think it probably should be, has a lot to do with the bottom line of this business. Sometimes those issues don't seem as sexy, but from NCTA's perspective, we have to focus on the meta-environment too. This country cannot afford for us not to get our own house in order. The ramifications are about the American family and their available discretionary income, the American family and their ability to finance education, the American family and their ability to maintain healthcare. If people can't attend to the basic needs of their lives, then your stuff starts to look like a really decadent luxury.

JM: How do you see the role of state associations as helping with the industry's policy agenda?

MP: They are unquestionably a powerful partner. I've always thought this, even when I was at the FCC. As long as we are a nation of dual sovereigns, a nation of federalism, in which we have roles that we believe appropriately are divided between federal jurisdiction and state, it's going to be important to be focused on, and cognizant of, policy at both levels. No trade association centralized in Washington can be all places at all times, certainly not in state and local governments. And if there's one way politics still works as the founders intended, it's that I can see Congressman So-and-So from the 11th district of Ohio, but I'm not his constituent. His real constituents are the people who live in his community and the people who subscribe to our services in that community. So, there is a federal effect, meaning the more that we are effective in states and have good will and good consumer relationships and good public policy at the state level, the more that makes our job easier at the federal level. Some issues are just legally resident at the state level and you need someone with expertise on the ground to deal with it. It's an indispensable partnership and it's one that we really cherish and work to continue to nurture.

Political and Issue Advertising on Cable Subject of Seminar

The OCTA joined with Time Warner Cable to host "Campaign Smarts: The Better Media Buy" a luncheon seminar held at the Athletic Club in Columbus on January 25th. TWC advertising executives reviewed the benefits of advertising on cable, including the ability to reach target audiences both geographically and demographically. Representatives of other cable operators in Ohio, including Comcast, Armstrong and Massillon Cable, were available to answer questions about advertising in their service areas as well. Attendees included elected officials, candidates, campaign managers and others interested in maximizing the impact of their TV messaging.



Seen here, left to right: Rich Ambrose, TWC VP of Political Advertising; Representative Mike Dovilla (R-18); Rocky Geichman, Regional Political Specialist, TWC Media; Representative Andrew Brenner (R-2); Ed Kozelek, TWC Regional VP, Government Relations; Senate President Tom Neihaus (R-14); and Karen Steinbrunner, Regional Political Specialist, TWC Media.

Capital Update

Legislative

Redistricting: After passing legislation containing new Congressional districts earlier in the fall, and after the Democrats sought to take that mapping legislation to a referendum, the Ohio General Assembly came to a compromise (HB 369) on December 14th which modified the earlier lines and which will allow for one primary in the state on March 6, 2012. In addition to revising the Congressional map, the compromise legislation creates a bipartisan task force that will revisit the process of map-making in Ohio.

The new Congressional map may be viewed at:
<http://www.sos.state.oh.us/sos/upload/reshape/congressional/2011-12-15-statewide.pdf>

Further Telephone Deregulation: On December 15th, Sen. Frank LaRose (R-Copley) introduced SB 271 which will provide further regulatory relief to Incumbent Local Exchange Carriers (ILECs). As introduced, the bill would add a new §§ 4927.071 and 4927.10 and revise §§ 4927.07, 4927.08, 4927.11, and 4927.12. The purpose of the bill appears to be to address carrier of last resort issues for ILECs with respect to basic local exchange service (BLES). The bill provides that certain ILECs may abandon offering BLES and may retire its regulated telecommunications service in Ohio. The OCTA is opposed to this legislation as introduced.

Regulatory

AEP Tariff: On December 14, 2011, the Public Utilities Commission of Ohio adopted the Stipulation filed in the AEP distribution rate proceeding (Case Nos. 11-351-EL-AIR, et.al.) by Columbus Southern Power Company, Ohio Power Company (jointly AEP) and numerous intervening parties (including the OCTA). In the distribution case, AEP had requested an increase in distribution rates, including a request for increased pole attachment rates and revisions to the terms and conditions for pole attachments. Also on December 14, the PUCO issued an Opinion and Order that modified and adopted the interested parties stipulation in AEP's generation case (Case Nos. 11-346-EL-SSO).

On December 23, 2011, AEP filed compliance tariffs that incorporate the revisions approved by the PUCO in the generation and distribution cases, including the Schedule PA (Pole Attachments) that was attached to the distribution case stipulation. The tariffs were filed to become effective January 1, 2012.

The enforcement of the distribution case stipulation is contingent upon the approval and implementation of the stipulation in the generation case. The PUCO approved the generation case stipulation, but with some potentially material modifications, including cutting in half the base generation rate increase. These changes in the generation case stipulation likely affect AEP in an amount that is several hundred million dollars. As such, even though AEP has filed the compliance tariffs, it may seek a rehearing in the generation case which may result in the termination of the distribution case. The PUCO must rule on any rehearing on the generation case by February 10, 2012. While AEP does have the right to withdraw from the generation case stipulation if its application for rehearing is denied, we believe that it is unlikely that it would turn this down to restart negotiations or go into a hearing for the generation case. OCTA members will be advised of any developments, but should plan to have the new AEP PA Schedule go into effect this year. For details and effective date(s), visit the "members only" area of www.octa.org.

OCTA Joins Kids Voting at Youth Summit

The 2011 Kids Voting Central Ohio "Youth Summit", held in October 2011 at the Ohio Statehouse, featured a panel of political operatives who talked with students about social media, political communications and topics ranging from dealing with personal attacks to the leadership skills they use in their jobs. Along with sponsorship of the event, the OCTA's Jonathon McGee served as moderator for the luncheon session. Pictured above (l to r) are panelists Mike Dittoe, Communications Director for the Ohio House Republican Caucus, Liz Brown, Political Director for the Ohio Democratic Party, Jonathon McGee, Executive Director of the OCTA, and Jeff Cabot, Executive Director of Kids Voting. The session was videotaped and is available for viewing at www.ohiochannel.org.



Cable-PAC/PAT Participation

(January 1 – December 31, 2011)

Company	Amount Raised	Goal
Armstrong Cable	\$225	\$2,496
Buckeye CableSystem	\$6,856	\$10,972
Clear Picture	\$800	\$520
Comcast	\$3,170	\$1,430
Cox Communications	\$3,634	\$3,068
G.L.W. Broadband	\$550	\$400
Insight	\$140	\$5,252
Massillon Cable TV	\$12,200	\$2,750
Suddenlink	\$0	\$1,400
Total	\$27,575	\$28,288



Cable PAC/PAT Individual Contributions

(October 1 – December 31, 2011)

Buckeye CableSystem

Mike Bilik
Laurie Cichy
Patrick Deville
John Ducat
Bonita Ehrhardt
Pamela Kkoontz
Daniel Penny
Steve Piller
Jessica Pitzen
Sarah Riedeman
Charles Riley
James Wolsiffer

Dan Jakubowski
Alex Petrofski
Mark Pigman
Mark Preston
Rajesh Rauniyar
Stacie Schafer
Allan Shockey
Craig Smith

G.L.W. Broadband, Inc.

Kevin Flanigan

OCTA

April Barrowman
Maryann Kafer

Cox Communications

David Butas
Charles Davis
Gloria DeMarco
Steve Heuser

Thank You!



Cable Calendar

SCTE SEMI Forum Spring 2012

www.scte.org

When: March 15, 2012
Where: Philadelphia Marriott Downtown
Philadelphia, PA

OCTA Annual Meeting

www.octa.org

When: March 21, 2012
Where: The Columbus Athenaeum
Columbus, Ohio

SCTE Leadership Conference

www.scte.org

When: April 17-19, 2012
Where: Location TBD
Henderson, NY

WICT Executive Development Seminar

www.wict.org

When: April 18-20, 2012
Where: Location TBD
Cary, NC

OCTA Legislative Reception & Technology Demo

www.octa.org

When: April 24, 2012
Where: Vern Riffe Center
Columbus, OH

The Cable Show 2012

www.thecableshow.com

When: May 20-24, 2012
Where: Boston Convention & Exhibition
Center
Boston, MA

OCTA 2012 Golf Outing

www.octa.org

When: June 11, 2012
Where: Brookside Golf and Country Club
Columbus, OH

2012 CTAM in Orlando and Insights Conference

www.ctam.com

When: October 14-16, 2012
Where: Walt Disney Swan & Dolphin
Orlando, FL

For all the latest news and events updates, OCTA members can sign up to receive our weekly broadcast email bulletin. Contact mkafer@octa.org to subscribe.

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