

RJGLAW LLC

8401 RAMSEY AVENUE
SILVER SPRING, MD 20910

RUDOLPH J. GEIST, Esq.

EXT. 105

TEL. (301) 589-2999

FAX: (301) 589-2644

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E-MAIL

rgelst@rjglawllc.com

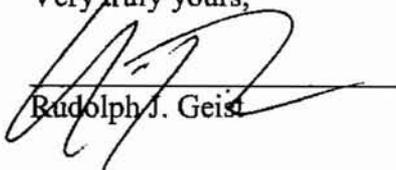
Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S. W.
Washington DC 20554

Re: Notice of Ex Parte Presentation, In re Requests for Review by Consorcio de Bibliotecas y Escuelas de Puerto Rico of Decisions of Universal Service Administrator ("Requests for Review"); Request for Relief of Puerto Rico Department of Education ("Request for Comment"); CC Docket Nos. 96-45, 97-21, and 02-6.

Dear Ms. Dortch:

On October 21, 2003, Gregory Rohde, of E-Copernicus, Jose Luis Rodriguez, President of Hispanic Information and Telecommunications Network, Inc. ("HITN"), and I, representing HITN, met with Commissioner Abernathy and her legal advisor, Matthew Brill, to discuss matters related to the above-referenced Requests for Review, as well as the Commission's Request for Comment, in the above-referenced proceedings. The discussions specifically related to issues outlined in the attached written presentation furnished to the Commissioners' at the meeting. This letter is being filed electronically for inclusion in the above-referenced dockets pursuant to Section 1.1208 of the Commission's rules, 47 C.F.R. §1.1208.

Very truly yours,


Rudolph J. Geist

cc: Jessica Rosenworcel (via e-mail)
Lisa Zaina (via e-mail)
Daniel Gonzalez (via e-mail)
Matthew Brill (via e-mail)

Attachment

HITN RECENT (PAST 3 YEARS) EXPERIENCE WITH E-RATE PROGRAM

Presented to Federal Communications Commission, October 21, 2003

E-Rate Funds Applicant(s): Consorcio de Escuelas y Bibliotecas de Puerto Rico
(CEBPR) Member Institutions

Service Provider: Hispanic Information and Telecommunications Network, Inc. (HITN);
SPIN # 143006644

Program Funding Years: 4, 5 and 6

Introduction

Since 1998, HITN has been providing advanced telecommunications and Internet access services and equipment to many of the nation's poorest K-12 private schools and libraries located throughout some of the most remote regions of Puerto Rico. Broadband Internet access and distance learning services are being provided by HITN to schools and libraries using an advanced satellite based transmission medium developed by HITN specifically tailored to serve customers located in the dense foliage and mountainous terrain that are characteristic of Puerto Rico.

Notwithstanding that HITN's school and library customers have not received any E-Rate funding from SLD during the past 3 program years and therefore have been unable to make payment to HITN of the E-Rate subsidized portion under service agreements with HITN (which in most cases equals 90%), HITN has continued providing services to these entities, funding the continuation of the services from other sources within the organization. Inaction regarding present appeals on file with the Commission and with respect to qualified applications on file the SLD has created major uncertainty for the institutions (many of which have not begun receiving any services) and unfair and difficult financial strain on HITN. As service provider to many of the CEBPR institutions, HITN requests the Commission promptly address the following problems encountered by HITN and its customers over the past 3 years of their participation in the E-Rate program, and provide these institutions with the appropriate relief so they may continue deriving the benefits to which they are entitled under this program.

The following summarizes the problems faced by HITN and its customers over the course of each of the past 3 E-Rate program years:

Program Year 4 (2001-2002)

PROBLEM SUMMARY: Applications for funding of all Applicant members of CEBPR, a group of private schools and libraries not affiliated with the Puerto Rico Department of

Education, were rejected by the Schools and Libraries Division ("SLD") as untimely filed because the mailing of the Block 6 Certifications and Item 21 Attachments to the Applications were not postmarked before the end of the Year 4 filing window ending January 18, 2001. After filing an initial Request for Waiver with the SLD that was rejected, CEBPR filed Requests for Review and Waiver (see below) with the Federal Communications Commission (FCC) arguing that the applications should be reinstated for SLD consideration and grant because CEBPR member institutions followed application filing procedures in place during Funding Year 1 through Funding Year 3 permitting applicants to file electronic versions of applications by the close of the filing window and mail the paper copies within several days after the close of the filing window. The SLD's attempt to impose more stringent filing requirements on CEBPR Applicants during Year 4 through informal and unofficial web site publications that were not approved by the Office of Management and Budget ("OMB") violated the Paperwork Reduction Act and the Electronic Signatures in Global and National Commerce Act.

Chronology:

July 2001 – Over six months after the submission of applications with the SLD, CEBPR received Notices from SLD that Applications of 86 of its member institutions were rejected for being late-filed outside the close of the filing window.

August 8, 2001 – CEBPR filed Request for Waiver of Filing Deadline with SLD on behalf of 44 CEBPR member institutions for which it received initial rejections.

August 14, 2001 – Without providing any written decision, SLD rejected CEBPR August 8, 2001 Request for Waiver of Filing Deadline on behalf of 44 CEBPR members.

August 23, 2001 – CEBPR filed Request for Review and Waiver with the FCC on behalf of 42 CEBPR member institutions that received Notices from SLD rejecting applications for being late filed. The Commission has not yet acted on this Request for Review and Waiver.

September 7, 2001 – CEBPR filed second Request for Review and Waiver with the FCC on behalf of 44 CEBPR member institutions that received Notices from SLD rejecting applications for being late filed, for which earlier SLD Request for Waiver was filed. The Commission has not yet acted on this Request for Review and Waiver.

November 28, 2001 – Over 11 months after the submission of applications with the SLD, CEBPR received Notices from SLD that Applications of 54 additional member institutions were rejected for being late-filed outside the close of the filing window

December 27, 2001 – CEBPR filed third Request for Review and Waiver with the FCC on behalf of additional 54 CEBPR member institutions that received Notices from SLD rejecting applications for being late filed. The Commission has not yet acted on this Request for Review and Waiver.

February 28, 2002 – CEBPR filed Supplement to Request for Review and Waiver with the FCC on behalf of all 140 CEBPR member institutions denied funding by SLD.

June 7, 2002 – CEBPR filed with the FCC copy of Presentation made on May 30, 2002 by CEBPR to FCC's Office of General Counsel showing that SLD failed to request OMB approval for new Year 4 filing procedures imposed on CEBPR member applications.

Program Year 5 (2002-2003)

PROBLEM 1 SUMMARY: SLD failed to process and grant Applications timely filed by 62 qualified CEBPR member Applicants for Year 5 funding for unknown reasons. The SLD put all CEBPR member Applicants through a multi-stage selective review process. Even after 62 CEBPR member institutions fully complied with the SLD multi-stage selective review process and demonstrated full compliance with program requirements and qualifications, the SLD failed to issue any funding commitment decision letters granting funding to such applicants. No Applications have been granted to date.

Chronology:

May 9, 2001 – SLD forwards Selective Review Request to CEBPR for all CEBPR member Applicants (approximately 120 Applicants) requesting information re CEBPR member institutions effective use of E-Rate funds requested. Approximately 90 CEBPR member institutions complied with this request on a timely basis and submitted responses to SLD (approximately 30 did not have the resources to respond and were forced to drop out of the E-Rate program).

August 9, 2002 – SLD forwards follow-up to May 9, 2001 Selective Review Request seeking more specific information from CEBPR member Institutions re effective use of E-Rate Funds requested. 62 CEBPR member institutions fully and completely complied with this request on a timely basis and submitted responses to SLD (approximately 30 more did not have the resources to respond and were forced to drop out of the E-Rate program).

PROBLEM 2 SUMMARY: 4 out of 62 Applications for Year 5 funding by CEBPR member Applicants that were still pending after the second stage of the SLD's Selective Review Process of CEBPR member institutions were denied funding by SLD for various unsubstantiated reasons. The SLD began denying funding of CEBPR member applications for various reasons as outlined in the Appeals filed by CEBPR (see below), but then discontinued processing CEBPR member applications and issuing further funding commitment decision letters altogether. No Applications have been granted to date.

Chronology:

October 8, 2002 – SLD Funding Commitment Decision letters released to Escuela Evangelica Unida de Fajardo (App. No. 329287), Colegio San Antonio (App. No.

329300), and Colegio Tomas Alva Edison (App. No. 329371) denying funding requests for various unsubstantiated reasons.

December 6, 2002 – CEBPR filed an appeal with SLD on behalf of Escuela Evangelica Unida de Fajardo, Colegio San Antonio, and Colegio Tomas Alva Edison demonstrating that all SLD reasons cited in the funding commitment decision letters to these institutions as justifications for the denial of funding were without merit and that the applications should be reinstated for processing. This appeal has not yet been acted upon by SLD.

December 16, 2002 – SLD Funding Commitment Decision letter released to Biblioteca Publica San Lorenzo (App. No. 329385) denying funding request for various unsubstantiated reasons.

February 12, 2003 – CEBPR filed an appeal with the SLD on behalf of Biblioteca Publica San Lorenzo demonstrating that all SLD reasons cited in the funding commitment decision letter to this institution as justifications for the denial of funding were without merit and that the application should be reinstated for processing. This appeal has not yet been acted upon by SLD.

Program Year 6 (2003-2004)

PROBLEM SUMMARY: SLD outright rejected all timely filed applications of CEBPR member institutions (60 institutions) claiming that the funding request numbers (FRNs) are for a request for telecommunications services from a service provider that is not a common carrier.

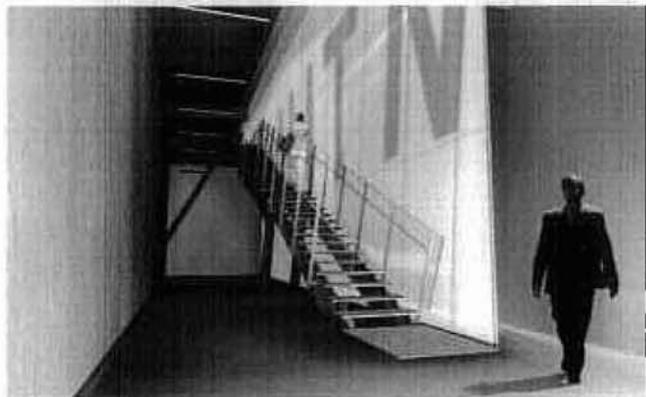
Chronology:

June 9, 2003 – SLD releases Funding Commitment Decision letters to all CEBPR member institutions (60) that filed applications for Year 6 E-Rate funds rejecting funding of the FRNs related to HITN.

August 6, 2003 – CEBPR filed an appeal with the SLD on behalf of all 60 CEBPR member institutions that received Year 6 funding commitment decision letters denying funding. This appeal establishes HITN is an authorized common carrier and therefore SLD's action in denying the funding to CEBPR institutions was improper and the applications should be immediately reinstated for processing and grant. This appeal has not yet been acted upon by SLD.

Hispanic Information TV Network's Expansion Project

The only Hispanic TV network headquartered in New York City, Hispanic Information Television Network (HITN-TV) has office space in Manhattan and a comprehensive telecommunication center in the redeveloped Brooklyn Navy Yard. As the first media company in the Brooklyn Navy Yard, HITN-TV is about to complete the substantial construction of a 21,000 square foot production and signal transmission center. Supported by New York State, the New York City Council, and the Mayor's Office, the newly designed \$12 million facility will be equipped with three TV studios, advanced network servers, high speed Internet backbone connectivity, and satellite earth station uplink/downlinks. It will also serve as HITN's network operations and control center to connect its multiple remote locations in the U.S. and Puerto Rico. Additionally, the offices have the capacity to house 90 employees to accommodate HITN's future growth.



The objective of HITN's Navy Yard facility is to further the organization's mission to provide continuing educational services to the city's fastest growing ethnic population through telecommunications. This facility also boasts two complete production studios that will give a boost to Hispanic-targeted television production and employment to members of the Spanish-speaking media community, from performers and artists to college and high school interns.

More Information on the Brooklyn Navy Yard

Spread out over 300-acres along the Brooklyn waterfront, the Brooklyn Navy Yard is a newly developed industrial park, housing more than 200 business in 40 buildings totaling over 3.8 million square feet. The Brooklyn Navy Yard is owned by the City of New York and managed by the Brooklyn Navy Yard Development Corporation, a not-for-profit corporation. Current tenants range from movie making to ship building, from architectural services to furniture design and manufacture, and from electronics distribution to jewelry making.



One major project of the Navy Yard is the construction of Steiner Studios, a major motion picture and television studio complex on 15 acres, which, when completed, will be the largest modern entertainment production facility east of Los Angeles.

HITN-TV

The Only Spanish – Language Channel that Educates and Entertains

The Hispanic Information and Telecommunications Network, Inc. (HITN-TV) was established in 1983 as a private non-profit organization to create a network of non-commercial telecommunications facilities in order to advance the educational, social, cultural, and economic aspirations of Hispanics in the United States. HITN-TV became the first Hispanic public television network in the United States. Today the network remains the only media conduit offering educational, enriching and empowering content to our nation's fastest growing ethnic group.

HITN-TV

Main Office
449 Broadway,
3rd Floor, New York, NY 10013
Tel.: (212) 966-5660
Fax: (212) 966-5725

Brooklyn Navy Yard
Transmission Center
63 Flushing Avenue
Bldg. 292, Suite 326
Brooklyn, NY 11205
Tel.: (877) 391-4486
Fax: (718) 797-2546

www.hitn.tv
E-mail: programacion@hitn.org

Distribution

HITN-TV distributes its 24/7 programming via satellite and Intelsat 705, which covers the western hemisphere from Canada to Argentina and the Caribbean. HITN-TV programming is also transmitted over Direct Broadcast Satellite (Dish Network), to over 8 million households nationwide, and through Time Warner Cable in the New York City Metropolitan area.

HITN-TV

The Channel that Educates and Entertains

El Canal que Educa y Entretiene



HITN-TV is Spanish television that not only educates, but also entertains.

Our mission is simple: At Hispanic Information and Telecommunications Network, our goal is to educate, enrich, and empower the fast growing Hispanic community in the U.S. through the most meaningful, useful, and inspirational programming available to them anywhere.

In so doing, we help fellow Hispanics to lead fuller, richer lives, serving as an ever-growing engine of intellectual power and progress for the U.S. economy and the entire world.

Educate, enrich, empowere³

PROGRAMMING HIGHLIGHTS

Corriente Cultural. This original series features the cultural accomplishments and contribution of the Hispanic community to the United States culture. It highlights different aspects of the community such as art, music, dance, theatre, history, traditions, and language.

Noticultura. A ten-minute news vignette designed to provide our viewers with needed quick analyses of current events. Topics also include current events, art, theater, music and dance.

Distance Learning. We present *TeleAprende* - a comprehensive and unique TV-based lessons in Spanish covering subjects such as Math, History, English as a Second Language and now Spanish as a Second language.

Public Affairs. Bringing together business and civic leaders to discuss important issues that affect the Hispanic community, such as education, housing, national affairs and health.

La Hora de Bellas Artes. "The Hour of Fine Arts". This series presents performing and visual arts, opera, dance and ballet, and theater.

Documentaries. Featuring the best documentaries of diverse content from around the world on nature, science and technology, health, world culture, history, geography, world exploration, arts and literature.

Children's and Family Content. Our children's programs are designed to enable children to learn while having fun.

Immigration News. Brings important information regarding immigration issues to those who need it most.

New Productions. Include personal finance, health, autos, sports and more.

Be sure to ask about our upcoming, groundbreaking original productions scheduled for Fall 2003 and 2004

HITN-TV Programming Lineup August, 2003

Time	Typical Weekday Program
6:00 AM	Noticias. (News) National and international news with special attention to Latinoamerica and Europe.
7:00 AM	Cartoons. Factoria Ratonil Perez.
7:30 AM	Tirame de la Lengua. Game show especially created for children where they can learn the Spanish language in a fun way.
8:00 AM to 3:45 PM	Distance Learning. Math, Science, ESL, Geography, Physics and Spanish.
4:00 PM	Cartoons. Factoria Ratonil Perez.
5:00 PM	Granito de Arena. Children's and youth program
6:00 PM	Tirame de la Lengua. Game show especially created for children where they can learn the Spanish language in a fun way.
6:30 PM	Spanish Course. Course to learn to speak Spanish
7:00 PM	Noticias. (News) National and international news with special attention to Latin America and Europe
7:50 PM	Historias con Rock and Roll. Vignettes of legendary figures of the rock.
8:00 PM	HITN Presents. Variety of programs: Conferences, forums, workshops, literary and cultural events.
9:00 PM	Ayer. Documentary on the History of Spain and its times of dictatorship.
10:00 PM	Los Tesoros de los Indios. Documentary series that shows us the indigenous people of south America. What they are like and how ancestral people like the Mayas, the Mazatecs, the Huichole or the Purepechas live nowadays.
11:00 PM	Noticias. (News) National and international news with special attention to Latin America and Europe.
11:30 PM	Travel Notes. Travel series in which the viewer access a virtual tour around the Globe.
12:00 AM	Special Documentary. Single episode documentary on different topics.
1:00 AM	Moriscos. "The Moriscos" are the objective chronicle of a diaspora. This series is about the history of the Moricos and the Muslim religion in Spain from the XIII century.
1:30 AM	Lugares para Conocer. Places to know is a space to travel with the imagination to distant and fascinating places like Maldivas, Jordan, Guatemala, Greece or Yucatan and some others.
2:00 AM	Rutas de Solidaridad. Documentary program showing people of countries of Third World, its culture, its way of life etc.
2:30 AM	Series Clásicas. Dramatic series, classic theater and musicals
5:00 AM	HITN Presents. Variety of programs: Conferences, forums, workshops, literary and cultural events etc.

Time	Typical Weekend Program
6:00 AM	Noticias. (News) National and international news with special attention to Latinoamerica and Europe. (Sat & Sun)
6:30 AM to 8:40 AM	Distance Learning. Math, History, Spanish. (Sat & Sun)
9:00 AM	Granito de Arena. Children and youth program. (Sat)
11:00AM	El Conciertazo. Music program designed to familiarize the children with classical music. (Sun)
11:30 PM	Curso de Inglés. English as a Second Language course. (Sat)
1:30 PM	Spanish Course. Course to learn to speak Spanish. (Sat)
2:00 PM	El Autor y su Obra. Presents Interviews and discussions with authors and writers on classical and modern literature. Also, information about new publications by Latin American and Spanish authors. (Sun)
3:00 PM	HITN Presents. Variety of programs: Conferences, forums, workshops, literary and cultural events. (Sun)
5:00 PM	La Cruz del Sur. Series on the influence of the diverse religions and rites in the society and the cultural life of Latin America and the work of the missionaries of century XVI. (Sat)
6:00 PM	Africa Un Continente. Compilation of documentaries about the African continent and its culture. (Sun)
7:00 PM	Noticias. (News) National and international news with special attention to Latin America and Europe. (Sat & Sun)
7:30 PM	Travel Notes. Travel series in which the viewer access a virtual tour around the Globe. (Sat)
8:00 PM	Redes. Program on science and technology. (Sat)
9:00 PM	Corriente Cultural Anthology. (Sun)
9:30 PM	La Hora de Bellas Artes. Specials, concerts, performances and theatre. (Sun)
11:00 AM	Noticias. (News) National and international news with special attention to Latin America and Europe. (Sat & Sun)
11:30 AM	Cinema HITN. (Sat & Sun)
2:30 AM	HITN Presents. Variety of programs: Conferences, forums, workshops, literary and cultural events.
3:30 AM	La Hora de Bellas Artes. Specials, concerts, performances and theatre. (Sun)
5:00 AM	Redes. Program on science and technology. (Sat)

Multichannel NEWS

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multichannel.com

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Special Report

HI-DEF WAVE

Cable Brings HDTV Into Focus With a Wave of Refunds

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Small Operators

IT AIN'T EASY BEING INDY

Small Ops Find They Face Same Woes as Big Brothers

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People



Where Are They Now?

BY HAROLD R. GALLAGHER



Adelphia's Top Guys On Life in Hot Seats

Q&A with Bill Schleyer and Ron Cooper

Adelphia Communications Corp.'s new top dogs - chairman and CEO Bill Schleyer and president and COO Ron Cooper - are not easy to nail down these days. With the daunting task of bringing the troubled MSO out of bankruptcy and restoring credibility both with its customers and with Wall Street after its founding Rigas family was indicted on federal fraud charges last year, both men are logging a huge amount of travel miles. Cooper, in charge of bringing the operations up to speed, has visited at least 30 different Adelphia systems since signing on in March; he had to phone in for this interview from Bangor, Maine. Schleyer has focused on maintaining relationships with bankers, creditors and shareholders, while engineering a strategy to emerge from bankruptcy in 2004. Editor-in-chief Marianne Poshnick and senior finance editor Mike Farrell caught up with Schleyer and Cooper, by phone at the New York law offices of Wilkie, Farr & Gallagher - Adelphia's attorneys - on May 28. An edited transcript follows.

Q: Ron, what are your days like? Are you on the road 50% of the time right now?

A: Cooper: I am, and I have been for the last six or seven weeks or so. I've been really trying to visit as many of our field locations as possible. I've made pretty good progress. It's been very constructive and very worthwhile, getting to see who we have in the field and sharing with everyone our view of the business and our priorities and really just getting acquainted with the business. We're spread out, so you know, from case. See COOPER, page 4E

RULING ON EMPTY?

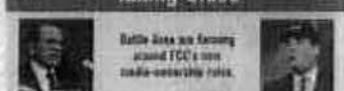
POWER POLS WANT TO DERAIL DEREG

By TED HEARNY

Washington — Powerful forces are forming in the Senate in a likely uphill campaign to nullify as much as possible new broadcast ownership rules adopted last Monday by a politically divided Federal Communications Commission, under chairman Michael Powell.

Within hours of the 3-2 vote, key senators broke from their routine to denounce the FCC for dropping barriers to media consolidation that have

Taking Sides



CDN	PRO
Sen. Ted Stevens (R-Alaska)	Sen. John McCain (R-Az)
Sen. Vito Marcilio (D-Ill.)	Sen. John Roberts (D-Ind.)
Sen. Arlen Specter (R-Pa.)	Sen. Peter Hoyer (D-Mo.)
Sen. Byron Dorgan (D-S.D.)	Sen. Fred Upton (R-Mich.)

withstood the test of time in ensuring that Citizen Kane remained a cinematic fantasy, and not a sur-

rogate nightmare. "I think this is a horrible decision," said Sen. Dorgan. See FCC, page 1B

HDTV's on the Rise



In Demand and Crown Media inked a deal that will put Hallmark movies like *Daughter of the Year* on the pay-per-view purveyor's new high-definition linear channel.

By R. THOMAS UMSTEAD

The migration towards HDTV picked up steam last week, as several cable networks, content providers, opera-

tors and direct broadcast satellite companies announced new ventures last week, ahead of this week's National Show in Chicago.

Top MSO Comcast Corp., No. 1 DBS provider DirecTV Inc. and over-builder RCN Corp. all announced major rollouts of HD programming over existing programming from such networks as ESPN, Discovery Channel and local broadcast stations.

On the content front, pay-per-view event and movie provider In Demand will switch gears and provide operators with 100 nonseasonal HD originals in the next few months.

And DirecTV will expand its current HD sports and movie offerings next month, with the launch of a new subscription-based HD-programming package in July. The package - which will retail for \$10.99 per month - will include such networks as ESPN HD, Discovery HD Theater, HDNet. See HDTV, page 1B

U.S. Latin Channels Blaze Cable Trail

As Ops Get Wise to Importance of Hispanic Market, These Nets Hope To Flourish

There has been a virtual explosion of Hispanic-targeted cable networks in the past year or so, all looking to attract viewers from the nation's largest and fastest-growing minority. Some of these networks are owned by programming giants, like NBC Cable — now the parent of mun2, as well as Telemundo. Others, like the Spanish-language kids network Sorpresa and the Hispanic Information & Telecommunications Network — with a noncommercial, public-TV style format — are independent, and are relative newcomers to the cable arena. Recently, Lynette Pinto, NBC Cable's vice president of

Q&A

with Jose Rodriguez,
Lynette Pinto and
Leonard Firestone

marketing, focusing on Telemundo and mun2; Leonard Firestone, chairman and CEO of Firestone Communications, which owns Sorpresa; and Jose Luis Rodriguez, president of HTN-TV, met with *Multichannel News* senior editor Simon Applebaum and editor at large Linda Mons. They discussed how cable should market to Hispanics; what segment of the Latin audience the networks are targeting; programming strategies and how much crossover appeal such services have. An edited transcript follows.

MCN: The big story from the Hispanic-network upfronts last month was that Jennifer Lopez signed a contract to produce Spanish-language programming for Telemundo, and maybe bilingual programming for mun2. What's the significance of that deal?

Lynette Pinto: It just demonstrates the importance of the Hispanic market. Obviously we've had Hispanic actors, singers, etc., cross over into the general market, and they are now coming back to do things in the U.S. Hispanic market, which I'm very excited about.

MCN: Leonard and Jose, what about your interest in Firestone? It's a great indicator, as Lynette just mentioned, of the interest here in a growing trend in clearly better service this audience. It's fantastic for those of us that are in this kind of business to serve this burgeoning audience. And it's just a great example of the interest there and the market demand.

Jose Rodriguez: It also makes sense. It's the beginning, or perhaps a continuation — but I think we will see it more — of U.S.-based content being emphasized.

MCN: When Univision chief operating officer Ray Rodriguez was asked about this at the upfronts, he acknowledged that there is now a move by the Spanish-language networks to do more programming in the U.S. But he also said, "Let's watch this Jennifer deal. There was a programming partnership announced a couple of years ago with Selma Hayek, the Academy Award-nominated actress from *Frida*, and nothing came of it..."

Pinto: I would say that when somebody of Jennifer Lopez's caliber says she is going to be producing shows, she plans to do it. And I think Telemundo and NBC also plan to be involved. So now I would take it as that word.

Firestone: Clearly, the interest is there for domestically produced programming. But some of the research that we have gotten, primarily through Howard Horowitz with Horowitz & Associates, reflects the importance of culturally relevant content, as well. And a lot of our programming, all of our programming in fact, except for one show, is coming from Spain, Puerto Rico, Mexico, Argentina.

And the importance is there for kids primarily who we're serving, because their parents want them to stay connected. And some of the programs that are produced out-of-country have that cultural relevance that they're seeking that they can't get here. So we're going to end up blending the two: domestic, culturally relevant programming, along with more of the imported product.

Firestone: Regardless of whether it's Jennifer Lopez or it's somebody else, there is a clear need that has been established in the Latino community for culturally relevant content to be produced. And in this case, it is more U.S.-based programming.

Our network provides educational content to Hispanics because Hispanics have demonstrated consistently that education seems to be one of their major concerns. And we try to provide educational content that is relevant to those needs.

We are in the process now of providing



From left, Rodriguez, Pinto and Firestone

content related to how to learn how to use the Internet, how to learn how to use computer programs that people need on a daily basis and basically targeted to the Hispanic women.

MCN: Being noncommercial, how does HTN make itself worthy of placement on a cable system? It's on Time Warner Cable here in New York, but how do you do it elsewhere?

Firestone: Well, not only we're on Time Warner, but we're also on the competition. We're on the Dish Network. We reach about 8 million households from Dish. We're worthy of being carried because of the quality of our programming.

Also, we've been around for a while, but we've been steady on a national basis for the last three years. And we believe, based on the response that we're getting from the various operators, that our service is a service that helps make a case for mul-

tichannel operators to increase the reach within our community.

MCN: You segued into another question: What kind of job have cable operators done in marketing to the Hispanic market?

Pinto: Cable operators are in the initial stages of targeting Hispanics. Some have been doing it longer than others. But you find varied success across the country. It really does depend on the operator. But it's definitely focused right now, and you will see continued growth, both by satellite and obviously by cable, on this segment of the market.

MCN: And what successful techniques have they employed?

Pinto: It's selecting the right channel lineup. It's promoting on mass media, which can be television, radio, doing direct mail.

By SIMON APPLEBAUM

HISPANIC PROGRAMMING

Surveys Say: Make Spanish Cable Fare Relevant

Continued from page 71

I mean, it's the tactics that work for all packaged-goods companies that have been in for 20, 25 years. Those are the tactics that tend to be successful.

Reid: There's another good example here in New York with Time Warner Cable, in that they are beginning, you'll find more of the systems beginning not to force the client structure onto the consumer. And that's a big shift in that, for a digital network like ours, there was this buy-through that was required, which was really a deterrent for the consumer.

Because at the end of the day, they looked at what that package got them and...

MR: What was it, to have to buy a Hispanic tier on top of a digital package?

Reid: Exactly, exactly. It was very costly. And we found, for example, some markets where the consumers, the Hispanic consumers felt like they were being penalized and didn't understand why that was the case. So you can look to Dish and Dish Latin, which did a very effective job in attracting international consumers, now some of the cable operators are doing the very same thing.

Here in New York, as I mentioned, is a good example. Comcast is rolling out a very similar type of strategy, and Cox is as well. And it's that kind of pricing structure, which is going to make a big difference in the take rates, and they're now beginning to market that service.

Reid: I agree with Leonard that Time Warner should be commended because they have just realized that in order to reach our market that the need to come with a very special package of programming and target our community.

In the past, we have to admit that cable did a really dismal job in providing, or targeting the market, really. And that's changing, obviously, by the announcements that we have seen.

In our case in particular, in New York, it was very interesting for us that Time Warner requested that we provide local productions and that we target specifically segments of the Hispanic communities that have been under-served.

In particular, you know, they were very concerned about the Puerto Rican community, which is very underserved by cable, not only in New York City but in the Tri-State area. And we made a commitment to address the



needs of that community without jeopardizing or without, let's say neglecting, other Hispanic communities in the city. So it's a very significant development that we see now from the cable companies.

Reid: I would just add, and just for your information, that our channel Sorpresa, which is serving kids 6 to 14, the strongest

and business model. And I give them credit as well for their interest in servicing that audience. And I think it is now a great service for them and others.

MR: How difficult is it for an independent in this market? Were you two independents at this roundtable?

Reid: It's a challenge.



“Clearly, the interest is there for domestically produced programming.”

LEONARD FIRESTONE

of the network really was developed with Time Warner (vice president Lynne Costantini). And they had done some research that reflected a hole in their programming line-up to service this particular audience.

And we were having a meeting one day on a couple of other issues and began to think through the feasibility of a network like ours and the rationale behind it

Reid: Yes, it's very difficult.

We have been fortunate that we finance our operations by other, by the fact that we own frequencies in part of the spectrum, 2.5 (Gigahertz). But it's considered before wireless cable, we are the largest license holder in that spectrum in the United States with frequencies in 45 markets. Now it's considered broadband and wireless and supposedly re-

ally used for 3G, third-generation technologies. So we financed that.

We also, as a nonprofit, get grants. In fact, we're building now a \$10 million facility, which is our network operations center, at the Brooklyn Navy Yard. To be able to, with two studios there and our own uplink, fiber connected to the major points here in New York City like [the] waterfront switching point, and 60 Hudson [the telecommunications center].

But getting financing to do our own productions is very difficult. There is a need for the advertising budgets to maybe target independent voices like ours to make sure that the Hispanic community is offered a wide range of choices out there.

Reid: It is difficult if we were to have grants about it just as a pure play in this environment to raise capital and build the infrastructure to launch. We didn't go that route.

We bought the assets of HITV out of bankruptcy, which gave us the infrastructure and hardware to do some things, of course, that you would need to do very affordably. But critical to that was getting the cable operators to assign their contracts to us, which they did. So it was a challenge, certainly.

But we navigated that, I hope, in a very smart way, in that we minimized those upfront costs. Particularly now, what we're finding is that distribution interest is there. Now it's just a question of how much, how many resources do you have to dedicate to the marketing side of the equation? And that's what we're going to focus on.

MR: What's the cable distribution for mun2, Sorpresa and HITV?

Reid: We're 5.8 million households.

Reid: We're nearing a half a million.

Reid: Between both cable and satellite we have the capacity of reaching 8.5 million.

MR: Do any of you have deals with Comcast Corp.?

Reid: Yes, we do. We're going to be announcing it and just actually did the deal with them. The press release has not gone out yet, but we did have...

Reid: Not yet.

MR: And mun2, not yet?

Reid: I'll have to get back to you.

MR: The Horowitz study that came out last month is the latest example of something that we've been seeing all along, which is that Latinos, as well as all people of color, are the people most interested in buying and using the services that cable is banking its future on, whether it's HDTV or interactive TV or video-on-demand or home networking. When do you see all of these opportunities on your radar screen?

Reid: As soon as we're focusing on at this moment is VOD in Spanish. We own the 9th, 1 television station in Puerto Rico, Telemundo channel 2, and also have an extensive library because we've done a lot of production here in the U.S. with Telemundo, and also with mun2, of programming that we will be working with cable operators to make available. So that is a big focus area for us right now.

Reid: Part of our deal with Comcast is to provide VOD programming. Some programming we inherited from the library at HITV and want to make available. Other programs certainly will be provided directly from Sorpresa.

But the application that is going to be of most interest is really the educational aspect, and what we were talking about I guess sort of earlier in teaching Spanish, or English, to kids. And that's going to get a lot of attention.

Reid: We entered into a major deal with Goldman Sachs to develop our spectrum. As part of the deal, Goldman Sachs is committed to help organizations no look at opportunities and means to try to find innovative ways to finance some of our future growth.

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Nets Say Ops Must Step Up Hispanic Marketing

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We have already some experience as an internet provider. We have been providing high-speed internet and distance learning to schools and libraries in Puerto Rico. So we already have a model not only that incorporates the technology but also the content for distribution, for distribution.

Video-on-demand -- we have been approached by some cable operators. We have not been contacting operators. I think (because of) the fact that we went on a major system, cable operators have been contacting us.



And the first question they ask is, do we have content for video-on-demand? We have the capability to provide it, and we're looking at how we can develop the infrastructure to be able to, the human infrastructure, to provide it. At this point it's an issue of resources. If we get additional financial resources, we should be able to do it very easily.

MCB: What are your hopes or aspirations in terms of national advertising?

Pinto: Muzel has currently a good lineup of advertisers that obviously, we are looking to expand all the time. The big thing at Muzel is that it really is alone in its space. It is the first and only channel targeting English-speaking Hispanics and others.

And no one else plays in that space today; we are the only one. So it's also new in terms of the traditional Spanish advertisers looking at an English-language service, but also the general-market agencies looking at something that targets Hispanics. So it

kind of opens the playing field for us. We're only a year and a half old.

MCB: What about Sorpresa?

Pinto: Well, we're similar, because we're the only one serving this audience. There has already been some good advertiser interest because it's a difficult demo to reach. But what is now being better understood is -- and again, some of the recent information highlights this point -- that the buying power that is within this demo is significant and can't be ignored.

MCB: Our consumers are very astute and very smart consumers, and they are looking for value.??

LYNETTE PINTO

And so if they can find a vehicle, which they can now through us, to reach these kids, that's advantageous to them.

And then secondly, the Herzovits research also showed that the brand loyalty that a consumer has to an advertiser and a product that goes cater to them is really significant.

MCB: That's all true, but only 3.2% of national ad budgets are targeted to Hispanics, according to the Association of Hispanic Ad Agencies. So why the lag here?

Pinto: That good news is we're growing.

MCB: It looks like we're going to

have an onslaught of Latino-focused networks in both Spanish and English. ESPN Deportes is coming this fall. Scripps is working on a lifestyle network. Si TV is going to go for the crossover crowd. How do you stay focused on what you're doing, yet deal with this upcoming competition?

Pinto: Stay true to the mission. And you know what we're doing is somewhat unique in that we are certainly producing a network domestically. We're getting some of the programming obviously abroad, but it's not a network that is piped in from another country. And as a consequence, we have the ability here to market it in different ways, get celebrities involved and get more of what is relevant domestically for the kids. And that's an important distinction between something that's produced in the U.S. and run in the U.S. than just a satellite feed being piped in.

So that's one distinguishing characteristic. (And) at the moment there's nobody else that has launched or is running a kids' network for Hispanic children and others. So we've got a very good head start in creating some barriers to entry, beginning with our deals with Comcast, Cox, Time Warner and NCTC (National Cable Television Cooperative).

MCB: What about everyone else? **Pinto:** Obviously, what NBC has done is target the two distinct segments of the audience -- the Spanish-dominant, more recent immigrant segment with Telemundo, and the English, the 60% or 50% of the market that profess English language or is bilingual, with a separate channel.

So what NBC has done has very effectively covered these segments of the market, while at this point the other 20% are all in the Spanish-language arena. So we believe we have the first advantage with Muzel.

MCB: Well, we're going to be continuing to be true to our mission, and that is, as I said before, to advance the socioeconomic aspiration of Hispanics in this country, whether it's in English or Spanish. Of course, right now we believe that the most important vehicle to achieve that is by programming in Spanish.

MCB: Anyone surprised that some of the cable programming players have not jumped into the market? For example, first Nickelodeon -- which did do a daypart in the morning for Tele-



MCB: In the past, we have to admit that cable did a really dismal job in providing, or targeting, the market, really. And that's changing.??

JOSE LOUIS RODRIGUEZ

mondo at one point, dubbing *Augusto* into Spanish -- did not come out with a *Nick en Español*?

Pinto: I know it was being considered by some of the folks you just mentioned at one time, but other business initiatives put it on the shelf. So there's recognition that there is potential value there. But you know, particularly in this environment, it's a really thing to do, no matter who you are, to start something from scratch and launch a network.

MCB: What's the challenge for cable operators now?

Pinto: It's effectively marketing to Hispanics. It's building their business by targeting the Hispanic community.

Pinto: It's representing a product that has value that previously wasn't being seen and better communicating what now they have to choose from and the value of it.

MCB: Understanding what our community needs, not mak-

ing assumptions of the Hispanic market. Traditionally a lot of assumptions have been made about what our market needs, and therefore they believed that the regular fare would do.

Something that's clear about the new changes that are coming out is that there is content available for the Hispanic community that the Hispanic needs at this point. And they should come with the right mix to be able to address that need.

Pinto: And you see cable operators doing that. They are doing research in the market. They're not just putting packages together. Our consumers are very astute and very smart consumers, and they are looking for value.

MCB: Which Hispanic groups are you targeting? It's a very segmented market, with Puerto Ricans, Cubans, Colombianians, Mexicans, et cetera.

Pinto: We are targeting a younger demo, an 18-to-34 demo, and have bureaus in all parts of the country in order to encompass all ethnicities. We're not specifically going after people of Mexican, Puerto Rican, etc.

Seventy percent of our programming is produced here in the U.S., so we have bureaus in New York, in Miami and in Los Angeles to address that, and insure that we are providing relevant programming to all U.S. Hispanics.

Pinto: We have a blend. We see a very distinct difference between East Coast Hispanics and

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Hispanic Nets Seek the Right Content Mix

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West Coast, in a very general way.

WBC: Some major advertisers, like Procter & Gamble and McDonald's, have been long-time advertisers on Spanish-language television. But we've yet to see Apple Computer take an ad; or

IBM take an ad, or other companies in technology markets. What does it take to get the tech advertisers like who are involved? **WBC:** Pharmaceuticals are very involved in the market. Wireless on a regional basis is very involved in the market. It's just recognizing

the power, the importance and what this market can mean to your business. The packaged-goods advertisers were the first ones in, 20, 25 years ago, and it's been a progression. But we've certainly seen enormous growth in all those categories.

WBC: Are there still some categories or individual companies lagging behind?

WBC: Some of the high tech have lagged. But they are beginning. Wireless is now in.

WBC: There is a need for education at all levels, the advertising level and the corporations as

well. They have to understand this market better and the opportunity that exists. To a certain extent we're pioneers here in providing this kind of service so that these corporations have the opportunities to reach this market more effectively and eventually make money.

WBC: But how can you target all of them?

WBC: Ultimately, we're going to have two feeds. It is our strategy for servicing both coasts. But additionally, we can turn that into an advantage where if you look at the history of successful cable networks, these generally a marquee show that attracts a lot of attention, and then they get a lot of sampling on either side of that program.

We feel like we can market particular shows to certain population segments, introduce them to the network, and hopefully then encourage some sampling in other areas. But we stack those programs together, servicing different people, you come at the end of the day a large audience.

And another interesting aspect that, I guess, mitigates somewhat some of the difficulties found in the cultural differences is that for our audience, as I said, what they're interested in really is entertainment programming. And so you get a lot more latitude in what they'll tolerate and accept as a result it's less sensitive and easier to sell.

WBC: We target the whole Hispanic community from the United States. We are a New York-based operation, and the experience we have is that we're getting a lot of calls from California, from the Southwest.

And also very interesting, we're getting calls from places like North Carolina where a lot of Hispanics are moving, and perhaps this might be one of the few services that they have available. We still — we're going to study that, because that's a very interesting development. That reflects the way the census, to a certain extent that it shows that our community's spreading throughout the United States.

Another important thing that we do is we provide English as a second language. And we realize that a large segment of the Spanish community is trying to learn English. Hispanics come to this country to advance themselves economically, but also to be part of the society. And in order to be part of the society you have to learn English. So we're getting a lot of calls for the English-as-a-second-language programming on our channel. ■

save the date:
TUESDAY, JUNE 17, 2003



GUEST SPEAKER: ROCCO B. COMMISSO
Chairman & CEO, MEDIACOM Communications



WHEN: Tuesday June 17, 2003
Cocktail reception 11:30, Lunch 12:30

WHERE: Marriott Marquis
1535 Broadway (between 45th & 46th Streets), 5th Floor,
The Westside Ballroom, Salons 3 & 4, New York City

FEE: \$95 pp

GUEST SPEAKER: Rocco B. Comisso
Chairman & CEO, MEDIACOM Communications

AGENDA: Q & A With Marianne Paskowald,
Group Editorial Director,
Multichannel News and Broadcasting & Cable

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