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RCN goes digital to remain competitive

The small operator's upgrades are not-related to the FCC's nationwide digital program.

AMANDA FUNG

RCN CORP. CABLE SUBSCRIBERS in certain parts of Manhattan had to have new set-top boxes hooked up to their television sets if they wanted to continue to watch election coverage past midnight Monday.

The Herndon, Va.-based regional cable provider began switching its New York City network from analog to digital last month in specific neighborhoods and expects all of its subscribers in the city to be digital by January. Customers who subscribe to RCN's basic non-digital cable TV service will have to obtain a digital converter box to continue receiving a TV signal. The switch is unrelated to the nationwide Federal Communication Commission's mandate that all broadcast channels be transmitted digitally by February 17.

RCN has about 100,000 subscribers in por-

tions of Queens, Brooklyn and Manhattan. The firm said a small percentage of its subscribers have the basic service.

"Our move to an all-digital network frees up bandwidth so we can provide our New York City area customers with more expanded Basic Digital TV channels than ever before," said Anthony Ontiveros, RCN vice president and New York general manager.

According to RCN, the conversion frees up spectrum on its network that enables the company to deliver up to 10 standard digital channels or three high-definition channels per analog channel. Analysts said it is a cheaper alternative to overhauling its entire cable network and is necessary for RCN to remain competitive as new entrants like Verizon Communications Inc. offer more HD channels and other features.

Other cable companies have embarked on similar digital efforts and the FCC recently launched an investigation into the shift from analog to digital. The FCC sent a letter on Oct. 30 to RCN and 10 other cable providers including Time Warner Cable and Cablevision Systems Corp. as well as Verizon asking companies to submit information within two weeks about its

pricing policies and channel switching practices. The agency is examining whether companies are luring customers to upgrade to more expensive digital services. RCN said it will provide information requested by the FCC.

"I don't see it as being deceptive," said Bruce Leichtman of Leichtman Research Group, a cable industry research firm. "RCN is doing it to stay competitive."

RCN partners with building owners to offer service to residents in co-ops and condominiums. It has struck a deal with some buildings to offer the first digital converter free to subscribers. Since a converter is needed for each TV set in the home, customers who have more than one TV set have to pay \$2.95 a month for each converter.

Mr. Ontiveros said RCN has been mailing notices to subscribers 30 days before their area is changed over. Subscribers are notified to obtain a converter by a certain time. Subsequent mailers are sent seven, five and one day before the shift.

"I am happy with how the switchover has gone," said Mr. Ontiveros, noting that RCN has set up in customers' buildings to offer equipment. "We want to make sure it is convenient and easy for residents."