

# CableFAX Daily™

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What the Industry Reads First

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## RealScreen: Discovery's O'Neill Talks A-La-Carte, Focus Groups

The a la carte threat will never die. Most of the RealScreen Summit taking place in DC this week focuses on getting content, particularly non-scripted, produced and picked up by networks. But when *Eileen O'Neill*, **Discovery Comm** group pres for Discovery and **TLC** nets, was asked about the challenges facing the cable industry on a macro scale, her concern was a familiar one. "A business model that was fairly straight forward a couple years ago is under a lot of pressure," she said during a 1-hour, on-stage interview, stressing that cable needs revenue from both advertisers and distributors. "If we get it all right, we'll continue to get paid really well, produce tremendous shows... and consumers are really the beneficiaries." But she does worry about the possibility of distribution channels becoming increasingly pervasive in terms or regulations that pave the way for a la carte cable packages. Then, there is the whole issue of selling digital and measuring it. "But that's when I'm being Debbie Downer," O'Neill said. O'Neill defended the focus test, which panelists complained about earlier at the summit on Mon (**Cfax**, 1/28). "It's a tool we use as a part of a bigger process," she explained, saying testing is often used midway through the show, not for a pilot. "They can kind of be seen as a big yardstick thumbs up or down, but it's much more complicated than that." For example, they can help with scheduling, ways to position a character, and so forth. No interview of O'Neill would be complete without some "Honey Boo Boo" talk. How do you keep a show like that from being a flash in the pan? "It starts with getting the right talent to begin with," she said. "It may sound easy to do because it's a spinoff of a show, but it's not. There are other breakout stars" on "Toddlers & Tiaras" but TLC waited and found potential not only with Alana, but the whole family. O'Neill also reiterated that Discovery and TLC aren't planning on filling their schedules with lots of scripted programs, even though they are dabbling in the space. "We're not looking right now for long-running [scripted] series. We're looking for the 'Planet Earth' of scripted for the channel," she said. Discovery is working on scripted film "Klondike," and she suggested TLC "might take a swing" later this year on the scripted front. TLC tried it in '11 with the docudrama on the murder of *Chandra Levy*. Also worth noting: After showing the trailer of Discovery's upcoming "The President's Gatekeepers" featuring interviews with 19 former chiefs of staff for U.S. Presidents, the room full of producers, agents and net execs broke out in applause. "That was pretty much a buy-on-spot opportunity," O'Neill said. "They didn't have all 19 at that point, but were pretty convincing that they would."

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Source: Experian Simmons Spring 2012 MME, Past 7 Days Viewing. Top 2 Box Data. Bases: Adults 25-54 & Women 25-54; Ranked among 77 National, Ad-Supported Networks (excluding Hispanic, children and non-Nielsen-rated networks). Travel Channel ranked #1 among A25-54 and W25-54 in "This brings to mind things I really enjoy," #2 among W25-54 in "I get valuable information from this," and #4 among Adults 25-54 and #2 among Women 25-54 in "This is an escape for me."

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**Sports Programming:** The Dodgers RSN is a year away from launch, but already the hand-wringing is starting over the price. Truthfully, it started even before the deal was announced. **Verizon** recently followed **DirecTV's** lead in introducing a sports surcharge of \$2.42/month that starts rolling out to new customers and those on month-to-month contracts next month. **Cox** has not announced any plans to do that, but it continues to express concern about sports costs. The MSO isn't commenting on any specific net, but a spokesman provided this generic statement that tackles the "trend" of teams starting their own channels and dubbing it a "major problem." "With any new network, we closely evaluate the cost along with any associated value it brings for our customers. We're extremely concerned about the rising costs of programming, particularly in sports, and the impact it has on our ability to offer a fairly priced video service," Cox said. "At any point in time, less than 5 percent of our customers are watching the games appearing on regional sports networks. The trend of teams extracting themselves from an existing RSN and starting their own channels, and the requirement that distributors continue to pay fees that impact most customers, has become a major problem." Meanwhile, **Time Warner Cable** was making headlines Wed for a rate hike for the L.A. market. The company raised its broadcast rate from \$17 to \$20 in the LA area with average adjustment of 3.5%. All digital packages increase by \$3. Those in a bundle see no price change. "For more than two-thirds of our customers in a bundle of services, there will be no video price increase at this time," TWC said "As evident from recent media coverage, our industry has seen programming costs increase in double digits. Time Warner Cable has worked hard to keep our costs down and provide a wide range of choices for customers, and we have added new channels, On Demand content, and HD offerings to our lineup." Note, no mention of the Lakers RSNs that launched late last year...

**At the Portals:** Rather than continuing to treat the Connect America Fund "as if it were the Incumbent Local Exchange Carrier (LEC) Fund," the **FCC** should focus on the actual goal of universal service support: providing service to consumers, **NCTA** said in comments in response to the FCC's USF FNPRM. Comments were due Jan 28. NCTA said the FCC's distribution of CAF Phase I support in '12 benefited a small group of incumbent LECs and failed to "achieve its stated intent" for USF revamp. As the FCC implements Phase II of the CAF, the agency has asked for comments on CAF Phase I rules and feedback on plans for the next round of Phase I funding. NCTA wants the same terms offered to price cap LECs. Failing that, however, the FCC should roll the '12 funding into the future CAF Phase II mechanism, the trade group said, and let any qualified provider bid on the areas and number of unserved locations to which they will provide broadband, NCTA said. Meanwhile, the **ACA** called on the FCC to stay the course. With the funding allocated last year, the program's goal is in the process of being achieved. Until that is no longer the case, the FCC "need not substantially alter the program," ACA head **Matthew Polka** said. As for distribution of "leftover" '12 Phase I incremental support, the FCC shouldn't add these funds to any 2013 distribution, ACA said. Rather, the agency should adopt one of its alternative proposals: Either add the amount to Phase II distribution or return the money by lowering the contribution rate. -- The **DOJ** and **FBI**, backed by the **Department of Homeland Security**, asked the FCC not to act on the proposed takeover of **Sprint Nextel** by Japan's mobile carrier **SoftBank** until the agencies complete their review of related national security, law enforcement, and public safety issues. **Stifel Nicolaus** analysts expect the FCC to agree, as it has done in the past when the DOJ made similar requests. The analysts noted **DISH** said it wasn't making a filing at this time "due, among other things, to the uncertainty surrounding the ownership of **Clearwire** and DISH's continued negotiations" with Clearwire board members "to acquire the company or certain assets of the company." Dish said it intends to participate in reply comments due on Feb 25. The satellite company previously asked the FCC to put its review of the SoftBank/Sprint/Clearwire transactions on hold due to the uncertainty.

**RealScreen Notebook:** Cupcakes have been done. So has pawn. Right now, we seem to be in the redneck/Amish phase. What's next? Maybe it's time to take reality programming in the direction of wealth. Think of the popularity of **PBS'** "Downton Abbey," the upcoming theatrical release of "Gatsby," the emergence from a recession. Is America missing the opulence? "I think we spent the last 5 years making heroes out of working class people," said **Freemantle's Thom Beers**, the producer behind "Deadliest Catch" and "Ice Road Truckers." "I'd start looking at self-made millionaires again—new found wealth." **The Garden's Nick Curwin** sees, at least in the UK, a step away from some of the meanness in reality TV. Of course, who knows what will be the next big hit? **Zodiak USA's Natalka Znak** kept talking about something she called "Gay Chicken Farmers." Guess Chick-fil-A won't be an advertiser? As for when to pull out of a genre, **Discovery/TLC** nets group pres **Eileen O'Neill** said it's really an art. "I think there are fresh ways to" do shows in popular categories. "I think we know derivative when we see it, but we also feel like there are expansions and twists" that producers can harness.

# BUSINESS & FINANCE

**Carriage:** Charter renewed its content carriage agreements with **CBS**, which covers retrans consent for CBS owned stations and continued carriage of **Showtime Networks, CBS Sports Network** and **Smithsonian Channel** on Charter's cable platform. The agreement also includes new online and on-demand availability of programming from CBS and Showtime. Plans are underway to make primetime shows from CBS available on-demand to customers across all Charter markets in the coming months. The launch of the authentication service Showtime Anytime, providing Showtime subs with unlimited access across platforms will come soon as well.

**People:** As **CNN's** evp/managing editor *Mark Whitaker's* out, *Chris Cuomo, ABC News'* chief law and justice correspondent, is in. Fewer than 2 weeks after *Jeff Zucker* officially took reigns at CNN, he announced Cuomo will host a new morning show and get a "major role" across the network. "Chris is an accomplished anchor who is already an established name in morning television, as well as a widely respected investigative journalist," said Zucker. "What I love about Chris is that he is passionate about every story he tells, never forgets about the viewer, and represents the type of journalism that makes CNN great."

**Oops:** **TV Guide Network** named *Paul Adler*, svp, original programming and promoted *Hahn Lee* to svp, corporate development.

## CableFAX Daily Stockwatch

Company	01/29 Close	1-Day Ch	Company	01/29 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	53.16	(0.25)	CSG SYSTEMS:	18.93	0.14
DISH:	37.94	0.43	ECHOSTAR:	36.36	(0.73)
DISNEY:	53.99	(0.37)	GOOGLE:	753.68	2.95
GE:	22.50	UNCH	HARMONIC:	5.44	(0.04)
NEWS CORP:	28.27	0.16	INTEL:	21.28	0.23
<b>MSOS</b>					
CABLEVISION:	15.25	(0.5)	JDSU:	13.06	(0.59)
CHARTER:	81.50	(0.74)	LEVEL 3:	23.55	(0.56)
COMCAST:	39.11	(0.46)	MICROSOFT:	28.01	0.10
COMCAST SPCL:	37.79	(0.43)	RENTRAK:	20.96	0.20
GCI:	8.39	0.30	SEACHANGE:	11.10	0.07
LIBERTY GLOBAL:	68.81	(0.16)	SONY:	15.14	0.02
LIBERTY INT:	21.28	0.15	SPRINT NEXTEL:	5.64	0.08
SHAW COMM:	23.79	0.23	TIVO:	12.46	(0.02)
TIME WARNER CABLE:	100.35	(0.48)	UNIVERSAL ELEC:	19.22	0.09
VIRGIN MEDIA:	39.37	(0.36)	VONAGE:	2.54	0.05
WASH POST:	384.73	(1.53)	YAHOO:	19.70	(0.61)
<b>PROGRAMMING</b>					
AMC NETWORKS:	57.55	(0.75)	<b>TELCOS</b>		
CBS:	42.12	(0.21)	AT&T:	34.68	0.55
CROWN:	1.90	UNCH	VERIZON:	43.50	0.73
DISCOVERY:	68.62	(0.2)	<b>MARKET INDICES</b>		
GRUPO TELEVISIA:	28.40	0.16	DOW:	13954.42	72.49
HSN:	59.72	0.85	NASDAQ:	3153.66	(0.64)
INTERACTIVE CORP:	40.65	(0.03)	S&P 500:	1507.84	7.66
LIONSGATE:	18.36	0.18			
OUTDOOR:	7.49	(0.02)			
SCRIPPS INT:	59.13	(0.96)			
TIME WARNER:	50.06	(0.03)			
VALUEVISION:	2.54	(0.03)			
VIACOM:	61.48	(0.29)			
WWE:	8.41	UNCH			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.15	UNCH			
ALCATEL LUCENT:	1.70	(0.05)			
AMDOCS:	36.03	(0.21)			
AMPHENOL:	67.78	0.46			
AOL:	30.67	(0.8)			
APPLE:	458.27	8.44			
ARRIS GROUP:	16.77	0.02			
AVID TECH:	7.32	0.13			
BLNDER TONGUE:	1.51	0.06			
BROADCOM:	33.71	(0.35)			
CISCO:	20.78	(0.28)			
CLEARWIRE:	3.34	(0.02)			
CONCURRENT:	6.66	(0.29)			
CONVERGYS:	16.98	(0.04)			



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