

CableFAX Daily™

Thursday — January 30, 2014

What the Industry Reads First

Volume 25 / No. 020

Here We Go Again: Cox, Bright House, Mediacom Take Up the Retrans Cause

New year, new FCC, same old retrans rules. But cable companies continue to push for change—and with **Time Warner Cable** busy with merger madness, others are carrying some of the weight. **Cox Comm** is one of the latest to push for the Commission to do something on its pending retrans proceeding, which is entering its 4th year. Keep in mind Cox Comm is a subsidiary of **Cox Ent**, just like broadcasting company **Cox Media**, which had a very brief retrans scuffle with **Charter** at the beginning of the year (Charter lost Cox stations including Atlanta's **WSB** at midnight on Jan 1, but the stations were back on by 2pm). This week, Cox gen counsel **Jennifer Hightower** asked the FCC to adopt proposals submitted by parent Cox Ent to devise a “fair path” to resolution of retrans disputes. In the final months of '13, in a letter to the FCC, Hightower wrote that Cox negotiated deals with approximately 30 TV stations, with station groups offering deals with “massive” fee increases (+550% in some cases). In the end, she said Cox ended up with final agreements that included double-digit and in some cases triple-digit increases over what it previously paid. Cox and its parent are pushing for a voluntary, non-binding mediation framework that would provide transparency and limited public disclosure regarding both parties' rate demands. “Consumers shouldn't have to take another year like 2013 with nothing on the horizon but the prospect of higher rates indefinitely into the future,” Hightower wrote. **Bright House** CEO **Steve Miron** had separate meetings last week with FCC chmn **Tom Wheeler** as well as commissioners **Jessica Rosenworcel**, **Michael O'Rielly** and **Ajit Pai**, according to an ex parte. One of the topics of discussion, along with E-rate and WiFi reform, was retrans reform. It's not just the increasing renewal rates, but Bright House accused broadcasters of “trying to impose a host of additional operating restrictions that limit the way MVPD customers access and view network programming.” And, of course, **Mediacom** can always be counted to weigh in on retrans, with gen counsel **Joseph Young** on Wed taking a **NAB** paper from **Navigant Economics** to task. Young also sent a letter to several members of Congress Wed, including Speaker **John Boehner** and Sen Majority Leader **Harry Reid**. The letter to lawmakers touts “the potential availability of billions of dollars that could be used to reduce the deficit or fund proposals like an extension of unemployment benefits without raising taxes.” Mediacom points to some \$50bln in total for private

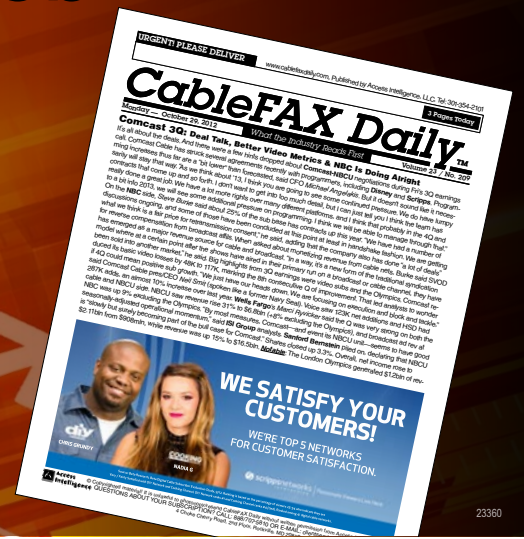
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transaction broadcast stations that changed hands. "We believe that a significant portion of the sale proceeds represented the value to the buyer of the acquired stations' licenses, which the seller does not have the legal right to transfer without the FCC's consent," Young wrote. "It seems to us fair that taxpayers, who own the spectrum, should receive all or a significant part of the premium as a condition to the grant of the necessary FCC consent to the license transfer."

At the Portals: The FCC's request for comments on its proposal to eliminate the sports blackout rules was published in the Federal Register Fri. That means comments must be submitted on the proposal by Feb 24 (docket no 12-3). Reply comments are due Mar 25.

SOTU: Cable/telecom was all over *President Obama's* State of the Union address Tues night, from **AMC's** "Mad Men" reference, to congressional guests like **A&E's** "Duck Dynasty" star *Willie Robertson* and his wife (guests of Louisiana Rep *Vance McAllister*), to broadband programs connecting schools. Pledging to narrow the wage gap between men and women, Obama said "it's time to do away with policies that belong in a 'Mad Men' episode. "I believe when women succeed, America succeeds." And following last year's cybersecurity-heavy SOTU address, Obama pointed to his earlier promise to connect 99% of students to HSD in the next 4 years, announcing that with the support of the **FCC** and companies like **Apple, Microsoft, Sprint** and **Verizon**, "we've got a down payment to start connecting more than 15,000 schools and 20 million students over the next 2 years, without adding a dime to the deficit." More details will come in the coming weeks, the President said. In a statement, FCC chmn *Tom Wheeler* said the Commission shares the President's commitment, which is why it has already launched an initiative to modernize the E-Rate program, the largest education technology program. Meanwhile, right after the SOTU, Rep *Michael Grimm* (R-Staten Island) got into a heated conversation with **Time Warner Cable's NY1** reporter *Michael Scotto*. Following a question on an investigation into Grimm's campaign fundraising, Grimm threatened to throw Scotto off a balcony and break him in half. The rep later apologized. As expected, **Fox News Channel**, averaging more than 4.7mln viewers, was the most-watched cable news channel for the address, beating **CNN** and **MSNBC** combined in total viewers, according to **Nielsen**. MSNBC beat CNN slightly with nearly 2.3mln viewers. In 25-54, Fox averaged nearly 1.2mln vs MSNBC's 752,054 and CNN's 762,450. Versus the 2013 SOTU, Fox was up 28% in total viewers and 25% in 25-54. CNN and MSNBC were both down double digitals in total and in demo YOY. It's CNN's lowest-rated SOTU since '05 in both total and demo, and it was MSNBC's lowest since '08.

M&A: **TiVo** is aiming to beef up its content discovery and recommendation services, proposing a \$135mln acquisition of **DigitalSmiths**, which offers cloud-based personalized video search, recommendations and discovery services across platforms. The deal would expand TiVo's role with Tier 1 service providers through DigitalSmiths' relationships with 7 of the top 10 US pay-TV providers, TiVo CEO *Tom Rogers* said.

OTT: **CBS** and **Amazon** extended their licensing contract to continue to make CBS and **Showtime** content available for Amazon Prime subs. This followed the move to make Amazon the exclusive premium subscription home for the upcoming CBS summer series "Extant," produced by *Steven Spielberg* and starring *Halle Berry*.

Programming: **FEARnet** adds "Trailers From Hell" to its VOD lineup, Feb 17. The series, which gives fresh commentary to old and new film trailers, also will be available as interstitial content on the linear net. -- Ohio State head football coach *Urban Meyer* returned to **Outdoor Channel**, appearing on "Gridiron Outdoors with *Mike Pawlawski*" on Sat as the gang heads off to the Bahamas for the bonefishing adventure. -- **Oxygen** booked a 2nd season of docu-series "Preachers of L.A." to air in the Fall. -- **Travel Channel** OKed production on 3 new original unscripted series, including 13 eps of the half-hour series "Ace the Game," 1-hour, limited series "Hotel Amazon" (wt), and 8 eps of the 1-hour series "Spy World." -- **Starz** booked new original drama series "Flesh and Bone" to air next year.

Obit: Sad news out of Seattle; lift some prayers up for this family. Early cable pioneer *Philip Hamlin* of **Hamlin Industries** was fatally shot Sat. He was 96. The *Seattle Times* reported that a 22-year-old *Shane Chamberlain*, the spouse of Hamlin's caregiver, is charged with 1st-degree murder and 1st-degree assault for an attack on Hamlin's granddaughter with a crowbar. The attack is described as completely unexpected and unprovoked. Family said

BUSINESS & FINANCE

Hamlin installed Seattle's 1st cable network in the Alki neighborhood in '49 and went on to design converters, stereo systems and other technology. 2013 Cable Hall of fame honoree *John Egan*, former chmn of **Arris**, identified Hamlin as one of his mentors, and talks in a Cable Center oral history of how he became the exclusive distributor for Hamlin's converter, eventually buying Hamlin and becoming the manufacturer.

People: **Hallmark Channel parent Crown Media Family Networks** upped 2 programing execs: *Darren Melameth* as svp, program planning & acquisitions, and *Randy Pope* as svp of programming & development. They will continue to report to *Michelle Vicary*, evp of programming & network publicity. – **NBCUniversal** named *Kathy Kelly-Brown* as svp, global talent booking, a newly-created role in which she will help develop strategic, customized publicity opportunities incorporating all NBCU brands. She will report to evp *Adam Miller*. – Former **Motorola Mobility** pres *Dan Moloney* joined the board of chipmaker **Lantiq**. The German-based vendor serves broadband networks and smart home providers. Moloney left Motorola Mobility after the **Google** acquisition. -- **Penthera** evp, biz dev *Melani Griffith* was elected to the company's board. Penthera is a provider of intelligent portable video software solutions for TV nets and content distributors.

CableFAX Daily Stockwatch

Company	01/29 Close	1-Day Ch	Company	01/29 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
21ST CENTURY FOX:	30.73	(0.54)	GOOGLE:	1106.92	(16.09)
DIRECTV:	68.66	(0.39)	HARMONIC:	6.61	(0.06)
DISH:	55.49	0.09	INTEL:	24.68	(0.22)
DISNEY:	71.33	(1.55)	JDSU:	12.05	0.16
GE:	25.29	(0.17)	LEVEL 3:	31.75	(0.92)
MSOS					
CABLEVISION:	16.27	(0.08)	MICROSOFT:	36.66	0.39
CHARTER:	138.24	1.59	MOTOROLA MOBILITY:	15.90	0.56
COMCAST:	53.06	(0.29)	NIELSEN:	42.19	(0.3)
COMCAST SPCL:	51.11	(0.26)	RENTRAK:	53.92	(0.12)
GCI:	9.93	(0.27)	SEACHANGE:	11.97	(0.28)
LIBERTY GLOBAL:	80.83	(2.12)	SONY:	16.05	(0.37)
LIBERTY INT:	26.75	(0.52)	SPRINT NEXTEL:	8.65	(0.21)
SHAW COMM:	21.91	(0.23)	TIVO:	12.33	0.14
TIME WARNER CABLE:	132.10	(1.61)	UNIVERSAL ELEC:	35.18	(1.46)
PROGRAMMING					
AMC NETWORKS:	64.81	(0.46)	VONAGE:	4.79	0.22
CBS:	57.72	(0.98)	YAHOO:	34.89	(3.33)
CROWN:	2.96	(0.07)	TELCOS		
DISCOVERY:	78.37	0.41	AT&T:	33.31	(0.39)
GRUPO TELEVISA:	28.26	(0.29)	VERIZON:	47.69	0.33
HSN:	55.11	(1.55)	MARKET INDICES		
INTERACTIVE CORP:	69.64	(2.19)	DOW:	15738.79	(189.77)
LIONSGATE:	31.26	(0.39)	NASDAQ:	4051.43	(46.53)
MADISON SQUARE GARDEN:	56.50	(0.15)	S&P 500:	1774.20	(18.3)
SCRIPPS INT:	72.37	(1.2)			
STARZ:	27.19	(0.57)			
TIME WARNER:	62.32	(0.82)			
VALUEVISION:	5.71	(0.33)			
VIACOM:	81.09	(1.13)			
WWE:	21.43	(0.53)			
TECHNOLOGY					
ADVANTAGE:	3.26	0.01			
ALCATEL LUCENT:	4.03	0.02			
AMDOCS:	42.14	(0.39)			
AMPHENOL:	85.63	(0.46)			
AOL:	46.50	(2.3)			
APPLE:	500.75	(5.75)			
ARRIS GROUP:	25.56	(0.28)			
AVID TECH:	7.16	(0.03)			
BLNDER TONGUE:	0.94	0.01			
BROADCOM:	28.69	(0.27)			
CISCO:	21.65	(0.1)			
CONCURRENT:	8.48	0.17			
CONVERGYS:	20.54	(0.22)			
CSG SYSTEMS:	30.15	0.05			
ECHOSTAR:	46.90	(0.49)			

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Think about that for a minute...

A Bright Idea

Commentary by Steve Effros

There was very little real fizz evident at the recent CES confab in Las Vegas. Even the local television news coverage and the newspaper puff pieces nationwide were either very restrained or missing completely. The “big news,” intended to sweep us all off our feet, was “4K” or “Ultra HD,” but it didn’t quite make it. Consumers, and, shockingly, even consumer reporters, have become so jaded by consumer electronics industry efforts, like 3D, to sell us something “newer,” “faster,” or “bigger” every year that reality made an unusual entrance into the reporting, and that reality is that in most cases consumers can’t see the difference between “Ultra” and regular HD.

The fact is “regular” HD is pretty darn good. Increasing the number of pixels, the resolution of the screen, by a factor of four doesn’t do much when the human eye can’t really see that increase at the average, comfortable distance we sit from our television sets. True, you could get a gigantic screen, if there was a place in your home you could fit it, and you could sit way back from it so that your eyes take in the whole picture (if you don’t, you get headaches... they learned that from the early introduction of too-big rear screen projection TV’s years ago). Or, you could get a reasonably-sized screen and sit real close, but then the headache problem would come up again. In both those cases you would see a difference with “4K,” but for us regular folks, it makes no sense. It’s just another effort at getting consumers to shell out more bucks for something most don’t get much out of (sort of like ultra-fast “1Gig” broadband!)

Anyway, while all of that was going on, there were a few displays on the CES floor that apparently took



folks’ breath away, with startlingly good, high contrast, great color pictures. Turns out that it wasn’t the 4K picture that made the difference, it was new processing by Dolby, dubbed Dolby Vision, that increases the dynamic range of the brightness on the screen and also vastly improves the color gamut of each pixel, meaning there is a much broader range of both color and brightness that can really be seen. And you don’t need 4K to see it. Apparently Vizio is planning to introduce a “Reference” series later this year that has the new enhanced dynamic reproduction (Dolby’s term that implies more than just more dynamic range). Whatever they ultimately decide to call it, We should take away some lessons from it.

“More” is not necessarily important. That goes for resolution, or the number of pixels that are being offered in the new sets. “Better” is far more important if you really want to see a significant improvement. The same goes for “faster.” In the context of television viewing, the “faster” issue embodies frames per second. Yes, it makes a difference, but apparently not anywhere near as big a perceptual difference as enhancing the dynamic reproduction. Admittedly, this stuff gets a little bit “in the weeds” for those of us fascinated by how technology really works, but in this case I’m told that a side by side comparison of consumer television sets will allow anyone to see and understand the difference. That, to me, is exciting. It was all but missed in the reporting of the CES because it got rolled under the whole “Ultra HD/4K” PR bandwagon. I thought it might be a good idea to start shining a little light on a bright idea.

Steve

T:202-630-2099
steve@effros.com

(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry)

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