

# CableFAX Daily™

Thursday — April 14, 2011

What the Industry Reads First

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## OK Corral: FSN, FX Pick Up Cable Rights to Big 12 Football

**Fox Sports Media Group** inked a 13-yr deal with the **Big 12 Conference** covering the exclusive cable rights to a minimum of 40 football games/season, most of which will air on **FSN** beginning in '12 though several will gain feature on **FX** as part of a game of the week slate. Reportedly worth \$90m/yr, the deal also includes a variety of Olympic sports events and conference championships. In a conference call, **Fox Sports Nets** pres *Randy Freer* said FX's involvement puts the Big 12 product in front of viewers who aren't necessarily devotees of college football and "gives the Big 12 the ability to get promoted across a variety of genres." Exposure via FX "is going to be tremendous for our brand and our product," added Big 12 Commissioner *Dan Beebe*. Freer noted a Sat afternoon window for FX games, but said nothing has been finalized. The deal leaves open opportunities for Big 12 schools to either start their own cable nets or possibly join and launch a Big 12 channel. Those provisos underscore the ongoing, intense competition for rights in the collegiate sports market, chiefly between Fox Sports and **ESPN**. ESPN beat out Fox for a stake in University of Texas' **Longhorn Network**, which kicks off in Sept, and both parties have traded rights punches since Fox partnered to launch **Big Ten Net** in '07. ESPN/ABC owns the broadcast rights to Big 12 football and the national cable rights to Big 12 basketball through '15-'16, plus major rights deals covering several other conferences. While Fox Sports inked a 1-yr deal in Jan for Fox to air the inaugural Pac-12 Football Championship Game next season and market the corp sponsorship for the contest, Freer said the company's ready to further beef up its collegiate cable portfolio following the Big 12 deal—even amid stiff competition and escalating fees. "There is obviously upward pressure in the value of sports rights," said Freer, noting **Comcast** and other players. "College sports has been undervalued" compared to other properties for some time. The next showdown is underway on the West Coast, where Comcast, Fox and ESPN are in talks with the **Pac 12** about launching a conference-branded cable net.

**At the Portals:** The **FCC** seems committed to ensuring broadband providers get access to pole attachments on reasonable terms. Not only did last week's pole attachment order establish the cable rate as the uniform rate (*Cfax*, 4/8), but in a decision released Wed the full Commission upheld an ALJ decision rejecting **Gulf Power's** argument that it should be able to charge cable ops a price more than 5 times higher than the cable rate. The FCC said Gulf Power failed to show that the poles were at full capacity or that another user was waiting in the wings, or it would have been able to put the space to a higher-valued use in its own operations. -- Those **FCC** net neutrality rules that have been the subject of House Republicans' ire haven't gone into effect yet because they need clearance from the OMB in terms of the Paperwork Reduction Act. **NCTA's** raising an alarm, filing FCC comments this week stating the rules "significantly understate the time and money that will be necessary for broadband providers to comply with the transparency requirements and complaint procedures" absent further clarification. The cable trade group wants the FCC to tighten a transparency rule it argues is so open-ended that it could be read to require ISPs to provide virtually any info that any content, app, service or device provider anywhere in the world decides is helpful to its business. As for the FCC's requirement that providers offer up actual

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speed details, NCTA said it's impossible to provide a precise estimate, and an attempt to do so would result in hundreds of hours annually vs the 10 hours estimated by the FCC. NCTA also argued that the FCC could be way off base with its estimate of 5 Open Internet-related complaints a year unless it makes it clear that certain issues—such as commercial arrangements and Internet peering arrangements—are not covered by the rules. Overall, NCTA has been supportive of the FCC's Open Internet rules, saying that they are better than the alternative of Title II reclassification.

**Broadband \$:** A study commissioned by NCTA says the RUS' broadband stimulus subsidy program's funding of duplicative broadband networks has resulted in an extremely high cost to reach a small number of unserved households. NCTA has long been a critic of RUS and its broadband funding. The study, prepared by **Navigant Economics**, analyzed 3 subsidy awards in KS, MN and MT totaling \$231.7mln (about 7% of the \$3.5bln doled out in the Broadband Initiatives Program). NCTA and its members, **Mediacom** and **Eagle Comm**, have raised concerns about overbuilds in 2 of those markets. The study said that more than 85% of the HHs were already passed by existing providers, and in 1 project area, more than 98% of HHs were already passed by at least 1 provider. "The FCC's Omnibus Broadband Initiative estimated that the cost of extending broadband to every unserved household in the US is approximately \$23.5bln, so long as duplicative service is not funded. But funding duplicative service (as RUS has done under BIP) increases the cost of a nationwide buildout by \$63.7bln, to \$87.2 bln," the study said.

**On the Hill:** One day after the introduction of the *Kerry-McCain* Consumer Privacy Bill of Rights, Reps *Cliff Stearns* (R-FL) and *Jim Matheson* (D-UT) introduced their own consumer privacy legislation, which they said gives incentives for entities to enter into strong self-regulatory standards. It would require entities to notify customers of material changes in privacy policy and allow consumers to stop the sale or disclosure of info to any entity that is not an information-sharing partner.

**Social Media:** MSOs continue to use social media to reach the masses, with **Bright House** launching its own blog Wed at house2house.brighthouse.com. Just hours after its debut, the MSO had already started to receive requests for future blog posts on topics related to technology and what might be coming in the future, a rep said. Up next will be a customer care **Twitter** team for Bright House. Speaking of Twitter, **Cablevision** launched a Twitter feed for its Optimum Rewards loyalty program aimed at triple-play customers Wed. We're not sure how many caught on that its 1st Tweet, "inviting members," was homage to Twitter founder *Jack Dorsey* and the 1st public Tweet ever, "inviting coworkers."

**Competition:** **DirectTV** ordered "Gone Until December" for feature on **n3D** beginning this summers. The 3D series offers a behind-the-scenes look at the pro female surfing circuit.

**In the States:** **Cablevision's** Optimum Lightpath got the New York State Public Service Commendation for the 13th yr in a row.

**Carriage:** In Philly, **Comcast** launched **WFN: World Fishing Network** in SD, adding the HD version to its sports ent tier.

**Upfronts:** **Food** and **Cooking Channel** announced 20 new series across both nets, including "Sugar High," in which "Ace of Cakes" *Duff Goldman* seeks great desserts (Aug 8, Food), and "The Originals with *Emeril*," where the famous chef visits historic eateries (May 5, Cooking). Also brewing: series with country artist *Tricia Yearwood* and blogger *Pioneer Woman*.

**Ratings:** Like **Turner**, **ESPN** and **ABC** are on pace to deliver their highest-rated and most-viewed NBA season ever. Through 71 games, ESPN's averaging a 1.5 HH rating and 2.03mln total viewers. Meanwhile, the sports giant

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# BUSINESS & FINANCE

enjoyed its highest-rated and most-viewed MLB game since '09 on Sun night, as the Yankees-Red Sox posted a 3.4 rating and 4.7mln total viewers.

**Tech:** NBCU VOD channel **Exercise TV** sprinted to the Smart TV bandwagon with an app that allows owners of **Samsung** Smart TV sets to receive video workouts across 6 categories (abs, walking, cardio, yoga, toning, strength) that will be refreshed regularly. There's also a calendar integrated into the app so viewers can keep track of their workouts.

**Honors:** The **Cable Pioneers** announced its newest members: **In Demand's Ellen Cooper, Suddenlink's Terry Cordova, Shaw's Randy Elliot, Kraus Electronic's Skip Kraus, Starz's William Myers, Mountain Zone Cable's Steven Neu, Liberty Global's Michael Fries, 4Cable TV's Steven Richey, Winstone's Rick Howe, Eileen Rivard, ex-MTV'er Bill Roedy, Tellabs' Jeffrey Huppertz and Lavender's Cathy Serksnas.** The group's 45th annual gala is set for June 13 in Chicago, kick starting the **Cable Show**. This year's theme is "Grand Reunion," as the dinner in the Red Lacquer Ballroom at Chicago's Palmer House Hotel is the same venue as the group's first dinner held in 1967.

**Oops!: iN Demand** evp/CFO **Eric Petro** added business dev to his responsibilities.

## CableFAX Daily Stockwatch

Company	04/13 Close	1-Day Ch	Company	04/13 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	46.50	0.02	BLNDER TONGUE:	2.24	0.03
DISH:	23.26	(0.02)	BROADCOM:	38.12	0.02
DISNEY:	41.70	0.07	CISCO:	17.25	(0.19)
GE:	19.94	(0.07)	CLEARWIRE:	5.95	(0.01)
NEWS CORP:	18.30	0.24	CONCURRENT:	5.91	0.11
<b>MSOS</b>					
CABLEVISION:	33.72	0.17	CONVERGYS:	14.03	0.02
CHARTER:	54.87	0.12	CSG SYSTEMS:	20.10	(0.03)
COMCAST:	24.20	(0.11)	ECHOSTAR:	36.16	1.45
COMCAST SPCL:	22.81	(0.1)	GOOGLE:	576.28	5.67
GCI:	10.92	(0.21)	HARMONIC:	8.97	(0.03)
KNOLGY:	13.95	(0.01)	INTEL:	19.78	0.02
LIBERTY CAPITAL:	76.66	1.45	JDSU:	18.68	0.29
LIBERTY GLOBAL:	42.95	0.47	LEVEL 3:	1.69	0.01
LIBERTY INT:	16.59	(0.08)	MICROSOFT:	25.63	(0.01)
SHAW COMM:	20.56	(0.75)	RENTRAK:	23.90	0.13
TIME WARNER CABLE:	72.37	0.23	SEACHANGE:	10.34	(0.01)
VIRGIN MEDIA:	27.75	0.42	SONY:	29.78	0.19
WASH POST:	440.00	(1.31)	SPRINT NEXTEL:	4.81	0.01
<b>PROGRAMMING</b>					
CBS:	24.45	0.14	THOMAS & BETTS:	57.92	0.38
CROWN:	2.19	UNCH	TIVO:	8.86	0.33
DISCOVERY:	40.27	0.26	TOLLGRADE:	10.07	0.02
GRUPO TELEVISA:	22.83	(0.03)	UNIVERSAL ELEC:	28.17	0.46
HSN:	32.09	(0.13)	VONAGE:	4.78	0.13
INTERACTIVE CORP:	30.48	0.01	YAHOO:	16.64	0.28
LIBERTY:	42.38	(0.13)	<b>TELCOS</b>		
LIBERTY STARZ:	78.10	0.53	AT&T:	30.18	(0.29)
LIONSGATE:	6.45	(0.03)	VERIZON:	37.69	0.05
LODGENET:	3.21	0.07	<b>MARKET INDICES</b>		
NEW FRONTIER:	1.80	0.03	DOW:	12270.99	7.41
OUTDOOR:	7.09	0.04	NASDAQ:	2761.52	16.73
SCRIPPS INT:	49.79	0.40	S&P 500:	1314.41	0.25
TIME WARNER:	35.64	0.19			
VALUEVISION:	5.57	(0.11)			
VIACOM:	53.67	(0.31)			
WWE:	11.68	(0.13)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	3.09	UNCH			
ALCATEL LUCENT:	6.06	0.42			
AMDOCS:	29.52	0.60			
AMPHENOL:	52.73	0.66			
AOL:	19.82	(0.16)			
APPLE:	336.13	3.73			
ARRIS GROUP:	12.56	0.09			
AVID TECH:	21.33	0.22			
BIGBAND:	2.50	0.09			

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## Think about that for a minute...

### Government Standardized Explanations

By Steve Effros

Do you know what the Research Octane Number (RON) is of the gas you put in your car? How about the MON (Motor Octane Number) or the PON (Pump Octane, or ANI, Anti-Knock Index Number, the "R+M/2")? Well, maybe it's enough that all you need to know is "Regular," "Plus" and "Extra." So long as it works with your car, based on what the car maker says, you'll be OK.



I ask, because the FCC just came out with a very curious document. It's titled "The Need for Speed," and it asks a series of questions about how "speed" should be quantified, explained, described, charted and maybe even standardized regarding broadband delivery

so that the objective of "transparency" and consumer understanding can be improved.

Now I'm all in favor of making sure consumers know what they are buying. But I also know that we're heading for real trouble if we go down the road of the government setting standards for how all of that is allowed to be explained, marketed or published. Let's just start with the official explanation of what "speed" is. The Commission's Public Notice asking for input on how to explain broadband offerings in a way that can be understood and compared explains that they define "speed" to mean "data signaling rate." Well, that's less than helpful, so they go on to explain it's measured in "bits per second."

That's not helpful to the average consumer either, since we all, I think, understand that the average consumer (I'm not talking about the power users or bloggers here, and neither should the Commission) has no notion how to equate "bits per second" to anything useful. The authors knew that, too, so they referred to a sample chart

that could make things a little more understandable based on different types of services, related to different speeds, and then they even added information like whether the data was being processed symmetrically or not... but we'll just leave that part for another day.

So now the Commission is trying to determine, based on its conclusions in the "Open Internet Order"—which, I should point out, has yet to even be published and is certainly not a "rule" at this juncture—whether they should start creating yet more rules for how to define the qualities of service offered by broadband distributors.

They note that not only is "speed" a relevant subject, but also "jitter" and "latency." All true. OK, try to explain those! And much of this has to do with complaints that until now, the broadband providers have in some cases described their offerings as "up to X Mbps" instead of a "guaranteed" speed. But that doesn't capture the reality that at any given moment because of a lot of variables (which are rightly noted by the Notice writers), those "speeds" could be lower, or indeed, in some cases higher, and the variables are not all in the control of anyone!

But let's look back at the ultimate rules the government imposed on cars as a reality check. They standardized the octane measurement (like "bits per second"), then did tests on mileage, and the "public disclosure" on the car window labels now says "22 to 35Mpg City - Highway," and we all know the numbers are at best wishful thinking! Wouldn't it be better to let the purveyors of products on the Internet; streaming movies, an online gamer or an email company, simply tell users whether they need "Regular," "Plus" or "Extra" speed, and let the market figure this one out?

Steve

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