

CableFAX Daily™

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What the Industry Reads First

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Time Warp: GAO Request Trumps Ho-Hum Video Hearing

For the most part, Tues' **Sen Communications** subcmte video hearing could have taken place a decade or more ago, with retransmission consent reform, skyrocketing cable rates, a la carte and Telecom Rewrite the familiar words du jour. But the real news of the day didn't occur during the hour and 45 minute hearing. Instead it came in a letter sent Mon from Sen Commerce chmn *Jay Rockefeller* (D-WV) requesting that the **GAO** take a closer look at broadcasters' shared service agreements. These arrangements let stations negotiate retrans for other stations, a practice that **Time Warner Cable**, **ACA** and others have long criticized. An ACA report noted 65 instances of sharing agreements between 2 or more separately owned "Big Four" stations in 58 DMAs across the country since Apr '12, including 48 instances in 43 DMAs in which a single representative negotiated for 2 or more stations. As for Tues' hearing, it didn't cover a lot of new ground. It's worth noting that Sen *Mark Pryor* (D-AR) suggested retrans conversations be part of the reauthorization of STELA, the must-pass Satellite Television Extension and Localism Act. While Sen *John McCain* (R-AZ) showed up as expected to tout his a-la-carte legislation, the bill didn't seem to win any strong supporters on the subcommittee. **NCTA's Michael Powell** reiterated the trade group's stance that a la carte wouldn't deliver real savings to consumers, suggesting that it already exists in some fashion today depending on when a consumer wants to watch a program. For example, they can wait to stream it online after the original airing or until it goes to **Netflix**. Both **Powell** and **NAB's Gordon Smith** acknowledged that their memberships are divided over the issue. "I have members in broadcasting who are for a la carte and against a la carte. And I'm with my members," quipped Smith. Powell, who suggested in testimony that only "surgical" changes to telecom rules may be appropriate, offered no suggestions on what those changes might be. He again pointed to the varying opinions of NCTA members. At the same time, **Charter CEO Tom Rutledge** came out in support of McCain's bill. "The tying together of networks by programming giants, combined with a lack of consistency in pricing for distributors and a complete lack of transparency surrounding that pricing, creates a no-win situation for consumers, who are forced to purchase large bundles of program content at prices that continue to escalate despite the myriad alternatives enabled by current technology," he said in a statement Tues. "Giving consumers more choice in this difficult economic climate is the right regulatory path, and Sen McCain's proposed legislation is a logical step in that direction."

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PROGRAM AWARDS

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JP Morgan: There will be more convergence between mobile and wireline as content rights model evolve, **Verizon CFO Fran Shammo** said during **JP Morgan's** telecom and media conference Tues. That's why Verizon partnered with cable ops like **Comcast, Time Warner Cable, Bright House** and **Cox**, he said. The telco chose cable over satellite partners because wireless technology like LTE works in certain rural areas, but it can't compete with cable broadband in densely populated areas, the financial chief said. "As the telco continues to migrate its subs from the legacy network to FiOS, it's seeing an uptick in the FiOS Quantum service, Shammo noted. Subs are increasingly upgrading to faster speed tiers like 50 Mbps. Meanwhile, FiOS TV has reached 50% penetration in Dallas, Verizon's 1st TV market. The service is gaining traction in other markets as well, with the goal of 600K net adds by year-end, Shammo said. -- Quality content is key to **AMC Networks**, which won't expand its original programming slate too rapidly, CEO/pres **Josh Sapan** said during the conference. Audiences of quality shows grow over time, he said, citing AMC season 2 of "The Walking Dead," which saw its audience grow 50% over Season 1. Meanwhile, SVOD has been a bigger revenue stream vs Electronic Sell-Through revenue, he said. That doesn't mean EST revenue won't grow over time. On the advertising front, AMCN will "significantly step up" its investments across all channels (including **IFC, WETV** and **Sundance**) to make content appealing to advertisers, Sapan said.

El Rey Play: **Univision** has made a strategic investment in upcoming English-language net **El Rey**. Financial terms were not disclosed. The Spanish-language programmer will handle distribution and ad sales for El Rey, the creation of filmmaker **Robert Rodriguez** and **FactoryMade Ventures**. El Rey is slated to launch in Dec. It will have nationwide carriage on **Comcast**, which agreed to launch it as well as **Aspire, BabyFirstTV** and **P Diddy's Revolt** as part of an **NBCU** condition tied to the launch of minority owned & operated networks. Comcast's commitment to launch the network came in Feb '12, long before Univision's involvement. Based on what it currently knows, Comcast said it doesn't think the El Rey investment will affect its commitments. Rodriguez will retain creative control. "El Rey Network will serve as a launching pad to satisfy the tastes of young adults looking for exciting, cinematic, action-packed content. As a broadcast leader in media, Univision is the best partner to support us in achieving this vision," Rodriguez said in a statement. The 1st original scripted series for the net, announced at Univision's upfront Tues, is based on Rodriguez and **Quentin Tarantino's** "From Dusk Till Dawn."

At the Portals: Outgoing **FCC** commish **Robert McDowell** will depart the agency on Fri and shortly thereafter join the **Hudson Institute's Center for Economics of the Internet** as a visiting fellow. The nonpartisan group touts research and analysis promoting global security and freedom. "Ensuring that the Internet marketplace remains free from unnecessary government and multilateral intervention will help achieve those noble goals," McDowell said.

Deals: **Charter's** closer to wrapping up its purchase of the former **Bresnan** systems from **Cablevision**. The FCC granted applications for the transfer of control of the systems. -- **DISH** announced a \$2.5bln debt offering to help fund its bid for **Sprint Nextel**. That leaves \$6.6bln in additional incremental funding required to finance DISH's \$25.5bln offer. It's uncertain whether the debt offering will be sufficient for Sprint's special committee to allow DISH to commence due diligence, or if the committee wants to see committed financing for the full amount, **New Street Research** analysts said. "Time is of the essence... DISH needs to get started with due diligence promptly if they are serious about a bid."

Upfronts: **ESPN** pres **John Skipper** started the net's upfront presentation Tues by addressing "the elephant in the room," literally (he shared the stage with **Big Al**, the **University of Alabama's** elephant mascot) and figuratively. Referring to several new 24/7 sports nets, Skipper said "there is speculation ESPN's world is changing, just because several broadcast competitors decided in early 2010 that there's something here." The net welcomes competition, he said. "It makes us better, sharper." To stay on top of competition, the net will expand its sports news program **SportsCenter** with a new studio to be completed next year and launch a new satellite technology outfitted bus, a new **ScoreCenter** app, and an hour-long special dubbed "This is SportsCenter." In addition, ESPN will debut "NFL Insiders," a 1-hour weekday pro football-themed show, in time for the '13 season. It also will launch a soccer-themed daily show "ESPNFC" on Aug 11, offering need-to-know news, information, highlights and analysis.

TVE: **Starz Play** and its other authenticated TV Everywhere services are now available to the Kindle Fire and Kindle Fire HD. **AT&T U-verse, Cox, DirecTV** and **Verizon FiOS** currently offer the Play services for their subscribers to the Starz premium services. Several new distributor launches are expected this year. -- **Time Warner Cable's** latest TWC TV update for **Android** smartphones and tablets gives consumers access to more than 4K hours of VOD content in the home and live streams of select channels and select VOD outside the home.

BUSINESS & FINANCE

Aereo: Web TV startup **Aereo** will launch in the Atlanta metro area on June 17 for those who pre-registered and on June 24 for all eligible consumers. Atlanta joined Boston as the 3rd city to launch as part of Aereo's expansion announced in Jan. Aereo also revised its pricing plans, with \$12/month worth 60 hours of storage vs 40, and it's nixing the daily pass option.

Googlism: The latest **Google** Fiberhood is Gladstone, MO. The city council approved Google's plan to bring fiber services to the city. As the company said before, it takes a while to plan, engineer and start building networks in new communities, so deployment won't start anytime soon.

Cable Show: Less than a month to go. General session speakers for the show in DC June 10-12 include Sec of Education **Arne Duncan**, **Time Warner Cable** chmn/CEO **Glenn Britt**, **Twitter** COO **Ali Rowghani**, **Viacom** CEO **Philippe Dauman** and "Desperate Housewives" creator and exec prod **Marc Cherry**.

Honors: **NAMIC's** 2013 Next Generation Leaders Awards go to **Christine Bragan**, **AMC Nets** vp, marketing and communications; **Rich Jennings**, regional svp, **Comcast Cable** Mile High; **Michelle Hord-White**, vp, talent development and pipeline programs, **NBCU**; and **Dhanusha Sivajee**, vp, marketing, **Bloomberg Mobile**. The awards will be presented during the **NAMIC** Annual Breakfast, June 12, DC.

CableFAX Daily Stockwatch

Company	05/14 Close	1-Day Ch	Company	05/14 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	64.41	0.42	CONVERGYS:	18.10	0.28
DISH:	38.84	0.03	CSG SYSTEMS:	21.89	0.12
DISNEY:	67.47	0.15	ECHOSTAR:	39.42	1.02
GE:	23.01	0.16	GOOGLE:	887.10	9.57
NEWS CORP:	33.65	0.21	HARMONIC:	5.90	0.05
MSOS					
CABLEVISION:	15.58	0.13	INTEL:	23.84	(0.24)
CHARTER:	113.78	2.13	JDSU:	13.30	0.02
COMCAST:	43.33	0.14	LEVEL 3:	23.86	0.35
COMCAST SPCL:	41.53	0.25	MICROSOFT:	33.53	0.73
GCI:	9.58	0.26	RENTRAK:	24.68	0.56
LIBERTY GLOBAL:	77.29	0.40	SEACHANGE:	11.09	0.12
LIBERTY INT:	23.37	0.15	SONY:	20.76	1.87
SHAW COMM:	22.72	(0.22)	SPRINT NEXTEL:	7.26	0.08
TIME WARNER CABLE:	98.17	UNCH	TIVO:	12.37	0.39
VIRGIN MEDIA:	51.10	0.17	UNIVERSAL ELEC:	26.49	(0.29)
WASH POST:	451.65	(0.69)	VONAGE:	2.76	UNCH
PROGRAMMING					
AMC NETWORKS:	66.40	0.01	YAHOO:	26.64	0.25
CBS:	50.03	1.05	TELCOS		
CROWN:	2.06	(0.01)	AT&T:	37.23	0.23
DISCOVERY:	78.32	0.74	VERIZON:	53.17	0.62
GRUPO TELEVISIA:	26.61	0.11	MARKET INDICES		
HSN:	55.72	0.45	DOW:	15215.25	123.57
INTERACTIVE CORP:	50.22	1.45	NASDAQ:	3462.61	23.82
LIONSGATE:	26.95	0.79	S&P 500:	1650.34	16.57
OUTDOOR:	10.35	0.03			
SCRIPPS INT:	68.14	(0.35)			
STARZ:	22.55	(0.04)			
TIME WARNER:	61.27	0.36			
VALUEVISION:	4.01	UNCH			
VIACOM:	69.40	0.09			
WWE:	9.44	0.16			
TECHNOLOGY					
ADVANTAGE:	2.27	0.02			
ALCATEL LUCENT:	1.51	0.04			
AMDOCS:	36.21	0.17			
AMPHENOL:	80.82	0.98			
AOL:	37.65	(0.56)			
APPLE:	443.86	(10.88)			
ARRIS GROUP:	16.86	0.36			
AVID TECH:	6.89	(0.03)			
BLNDER TONGUE:	1.12	UNCH			
BROADCOM:	36.57	0.36			
CISCO:	21.27	UNCH			
CLEARWIRE:	3.14	(0.02)			
CONCURRENT:	7.43	UNCH			

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