

CableFAX Daily™

Thursday — May 26, 2011

What the Industry Reads First

Volume 22 / No. 101

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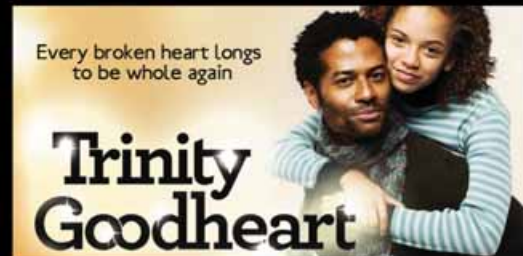


COMING IN JUNE

COMING IN AUGUST



gmc World Premiere Series starring Drew Lachey



gmc World Premiere Movie starring Eric Benét

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Retrans Report: Predictions, Suggestions Ahead of FCC's Retrans Review

Days before Fri's deadline for retrans comments at the **FCC**, **SNL Kagan** released its broadcast retransmission fee projections. Bottom line: despite fewer estimated multichannel subs, the firm believes that total retrans fees could increase from \$1.14bln last year to \$3.61bln in '17. SNL Kagan said average per-sub fees for cable MSOs could more than double during that time. This year alone, retrans fees could rise 28% over last year to \$1.46bln. Because of the number of subs, most of the fees are being paid by cable MSOs, which could pay more than \$824mln in retrans fees this year, versus \$484.2mln for DBS and \$147.1mln for telco TV operators, the firm said. One association that won't file comments on the FCC's retrans rulemaking Fri will be **NCTA**. The cable trade group, which has members on both sides of the coin, has often bowed out of the debate. Still, it has said in recent years that it wants to be part of the retrans dialogue, and it said late last year that the FCC's retrans review is a "constructive step forward" and that a serious review of a marketplace that has undergone significant changes merits "a fresh look." Retrans reform has captured some interest on the Hill. Earlier this month, Rep *John Dingell* (D-MI) encouraged the FCC to complete its retrans rulemaking by year-end. "The Commission's recognition of its limited authority with respect to retransmission consent—most notably in paragraph 19 of the NPRM—and the remedies requested by petitioners suggest that excessive delay on this matter can be avoided," Dingell wrote. "Reasonable action by the Commission concerning retransmission consent will provide greater certainty in the video marketplace and ultimately benefit American consumers." Rep *Jo Ann Emerson* (R-MO) is also urging prompt action, but while Dingell's comments were neutral, she clearly backs change. "With more than a thousand carriage deals set to expire by the end of this year, it is essential that the Commission have new rules in place to help avoid the types of carriage disruptions for consumers that we've seen increasingly occur," she wrote, noting that she's heard from a number of her state's smaller pay TV providers about how the market has changed since the introduction of retrans rules. All of this retrans talk comes at the same time a new trend seems to be developing—cable rate re-regulation. First came Boston seeking authority to regulate the cost of basic cable in the city, now comes Vermont. Sen *Bernie Sanders* (I-VT) wrote the FCC this week asking the chmn to reconsider its determination that satellite is an adequate alter-

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PROGRAM AWARDS

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Entry Questions: Mary Lou French at
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From the most outstanding cable programs to the best surprise ending, the annual CableFAX Program Awards honor the best in cable programming, content and people. This unique awards program from the industry's most trusted brand, CableFAX, raises the bar on what's good on and about cable. Now's your chance to win a CableFAX Program Award and get recognized for bringing value to your viewers.

It's simple to compete, as your content and people speak for themselves. But you have to enter to be considered, so don't let your competitors steal the show. We'll be honoring the winners and honorable mentions in September and in the annual CableFAX Program Awards Issue.

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native to cable, thus preventing VT from regulating basic cable rates. The senator argues that there are huge differences between satellite and cable—primarily that satellite isn't available everywhere because of geographic issues and that it's not an adequate substitute because it doesn't offer PEG channels. "With family budgets stretched thin, I write to request that you develop policies that stop the cost of basic cable television from continuing to spiral out of control," wrote Sanders. He said that in '09, 2 of **Comcast's** 10 VT service areas charged more than \$20/month for basic cable. That number jumped to 6 the following year, with the number of channels declining in some instances, he said. Cable has said over the years that programming costs, including retrans, are driving up prices. Earlier this month, following Boston's petition, Sen *John Kerry* (D-MA) asked for more info on rate changes in Boston and other MA communities, citing "skyrocketing" basic cable rates pressuring family budgets.

Barclays Notebook: Here's another programmer sounding the horn that price increases are coming. "I think the affiliate rates we are charging distributors are a bargain today. We fully expect to be paid the full value over time," said **Time Warner** CFO *John Martin* at a **Barclays Capital** conference Wed. He did acknowledge that ratings are "somewhat mixed" at general entertainment nets **TNT** and **TBS**, adding that sports, however, is "on fire." He thinks the addition of "Big Bang Theory" to TBS and "The Mentalist" on TNT later this year will go a long way to improve ratings "almost immediately." As for TW's recent **Flixster** acquisition, Martin promised more details soon about a cloud-based digital library that includes enabling customers to upload their existing DVD collections and to rent movies. -- Pres/CEO **AT&T Business Solutions** *John Stankey* used the conference to announce the first 5 markets for its LTE launch this summer: Atlanta, Chicago, Dallas, Houston and San Antonio. AT&T expects to be in 15 markets by the end of the year. Before beginning his keynote, Stankey asked the audience to pause and remember tornado-ravaged Joplin, MO. AT&T lost 2 employees in Joplin, and more than 50 employees lost their homes.

20 Billion, Baby: **Comcast** gloated Wed that it has surpassed 20bln On Demand views—or twice the number of songs sold in the iTunes store—since the service launched in '03. A press release was chockfull of interesting nuggets on those billion views, including that "The Hangover" was the overall most-viewed new release movie. **Comedy Central's** "South Park" is the overall most-viewed TV series, followed by **HBO's** "Entourage" and "Sex and the City." **Nick's** "SpongeBob" was the most-viewed kids series, followed by **Cartoon's** "Tom and Jerry" and **Sprout's** "Caillou." **NFL Net's** "NFL Game Highlights" ranks as the top sports programming on demand. Other noteworthy stats, Comcast notched 200mln On Demand views in '03 with less than 1K entertainment choices. By '07, views grew to 5bln and entertainment choices hit 13K. Today, it has more than 25K On Demand offerings.

Deals: An unwritten rule states that an article must appear every few months suggesting a **DISH-DirecTV** merger. It has happened again, but as in the past, it looks like a hard sell. "We believe the prospects for anti-trust approval of a DirecTV-Dish merger have improved since the last go around, but we don't think far enough that government clearance would be likely, at least not yet," wrote **Stifel Nicolaus**. **Collins Stewart** concurred, saying it doesn't believe the video marketplace has changed enough for approval. Specifically, the firm doesn't think choices for rural Americans—the stumbling block in the '02 merger attempt—has changed much.

Carriage: **NCTC** finalized an amendment with socially conscious **Halogen TV** enabling it to secure additional carriage with NCTC-affiliated systems. It's already carried on more than 930 NCTC-affiliated systems.

Social Circle: **HBO** launched "HBO Connect" (www.hbo.com/connect), providing a one-stop social TV site for all things HBO. Fans can log in with their **Facebook** or **Twitter** accounts to access all features, including an aggregation of all social media content related to a series in 1 place, Live Q&As with talent and a real-time look at the most popular HBO-related content being shared by bit.ly.

Ratings: Game 4 of the **NBA** Eastern Conference Finals delivered 9.77mln total viewers and a 6.1 US HH ratings for **TNT** Tues. Locally, the top five overnight metered markets for Game #4 were Miami (25.1 HH Rtg), Chicago (22.6 HH Rtg), West Palm Beach (14.3 HH Rtg), Memphis (11.0 HH Rtg) and New Orleans (9.5 HH Rtg).

Programming: Everybody's talking about the Big O. *Oprah* that is. **OWN** went dark for an hour Wed, directing

BUSINESS & FINANCE

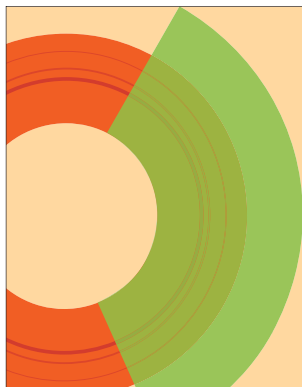
fans to watch her last show live. In addition, the net has scheduled 6 days of Oprah- filled programming Wed-Mon at 8:00 pm. In Sept, 60 eps of “Oprah’s Encore” debuts on OWN, combining memorable Oprah shows with new insights and interviews. Oprah’s new show “Oprah’s Next Chapter” launches in Jan. -- **BBC America** will launch a weekly, hour-long drama slot, beginning with espionage thriller “The Hour” (Aug 17, 10pm). -- **History** greenlit production of miniseries, “The Hatfields and the McCoys” to debut next year, the 150th anniversary of the infamous family feud. *Kevin Costner* will star.

Obit: Journalists everywhere—even on competing news nets—took time Wed to remember **CNBC’s Mark Haines**. The “Squawk Box” anchor, 65, passed away unexpectedly at his home Tues night. CNBC pres *Mark Hoffman* called Haines a “building block” of the financial network’s programming.

On the Circuit: **SCTE** is accepting nominations for its SCTE **Cable-Tec Expo Awards**, which will be presented Nov 15 at its annual flagship event. Expo is in Atlanta this year. -- 54 senior-level women execs graduated from **WICT’s** most recent Betsy Magness Leadership classes. The latest grads join more than 530 alumnae who have graduated from the Institute over the last 18 years.

CableFAX Daily Stockwatch

Company	05/25 Close	1-Day Ch	Company	05/25 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	49.04	(0.14)	BLNDER TONGUE:	1.82	(0.01)
DISH:	29.17	0.03	BROADCOM:	33.23	0.25
DISNEY:	41.13	0.04	CISCO:	16.19	(0.08)
GE:	19.22	0.12	CLEARWIRE:	4.45	(0.16)
NEWS CORP:	17.94	0.02	CONCURRENT:	6.02	(0.02)
MSOS					
CABLEVISION:	33.82	(0.07)	CONVERGYS:	12.85	(0.13)
CHARTER:	55.75	(0.24)	CSG SYSTEMS:	18.76	0.13
COMCAST:	24.44	0.05	ECHOSTAR:	32.44	0.21
COMCAST SPCL:	22.96	0.01	GOOGLE:	519.67	1.41
GCI:	12.19	0.60	HARMONIC:	7.72	0.29
KNOLGY:	15.30	0.29	INTEL:	22.68	0.07
LIBERTY CAPITAL:	89.94	(0.41)	JDSU:	19.67	0.30
LIBERTY GLOBAL:	44.25	0.23	LEVEL 3:	2.20	0.01
LIBERTY INT:	17.29	0.08	MICROSOFT:	24.19	0.04
SHAW COMM:	20.94	(0.05)	RENTRAK:	20.02	0.32
TIME WARNER CABLE:	76.11	(0.45)	SEACHANGE:	9.57	0.16
VIRGIN MEDIA:	31.48	0.15	SONY:	27.65	(0.25)
WASH POST:	408.46	(3.31)	SPRINT NEXTEL:	5.87	0.03
PROGRAMMING					
CBS:	26.33	(0.03)	THOMAS & BETTS:	53.49	0.27
CROWN:	1.96	0.05	TIVO:	10.16	0.75
DISCOVERY:	43.33	(0.31)	UNIVERSAL ELEC:	25.66	(0.5)
GRUPO TELEVISA:	22.97	0.05	VONAGE:	4.63	0.02
HSN:	32.71	1.60	YAHOO:	16.15	0.01
INTERACTIVE CORP:	34.87	0.07	TELCOS		
LIBERTY:	41.69	0.12	AT&T:	31.00	(0.16)
LIBERTY STARZ:	75.68	0.53	VERIZON:	36.40	(0.5)
LIONSGATE:	5.87	0.06	MARKET INDICES		
LODGENET:	3.22	0.09	DOW:	12394.66	38.45
NEW FRONTIER:	1.48	(0.04)	NASDAQ:	2761.38	15.22
OUTDOOR:	5.71	0.05	S&P 500:	1320.47	4.19
SCRIPPS INT:	49.59	(0.2)	TECHNOLOGY		
TIME WARNER:	35.82	0.09	ADVANTAGE:	2.63	(0.03)
VALUEVISION:	6.67	0.20	ALCATEL LUCENT:	5.56	0.03
VIACOM:	59.71	0.20	AMDOCS:	30.09	0.05
WWE:	10.02	0.01	AMPHENOL:	53.12	0.38
MARKET INDICES					
			DOW:	12394.66	38.45
			NASDAQ:	2761.38	15.22
			S&P 500:	1320.47	4.19



Which is the fastest growing segment of the multi-cultural nation?

- a) African-Americans
- b) Hispanics
- c) Asian-Americans

Answer: b) Hispanics

The Hispanic segment grew by 40% in the last 10 years to 50 million people. Hispanic households text more than any other race or ethnicity, and are more likely to have cell phones with Internet (55%) and video capabilities (40%).

To find out more about The New Digital American Family visit Nielsenwire.com.



Think about that for a minute...

On Revolving Doors

By Steve Effros

I've been out of the country for the past two weeks, and I was disheartened to see, upon my return, that we're once again in the throes of an unthinking disparagement of revolving doors.

Of course, I'm referring to the feigned outrage of some folks about outgoing FCC Commissioner Meredith Baker's decision to become part of the Comcast Washington team. Let's get a few points out of the way right up front; Commissioner Baker's term is expiring next month. If she had decided not to try to seek a new term, she would have had to find some other new job in any event. Baker is without question one of the "best and the brightest." She's smart, experienced in telecommunications, having been at the top of both the FCC and the NTIA, and wonderfully articulate. She would be a great asset for any company in the business.



And that's the point this whole "revolving door" nonsense seems to miss. Folks like Meredith Baker do us all a great favor by agreeing to give some of their years, their intelligence, their accumulated knowledge to public service. She's certainly done so. To now suggest that it's somehow improper for her to continue her career in an area where she has the expertise and knowledge to fully participate is downright idiotic.

There seems to be some sentiment out there among the "outraged" that someone who has worked at a high level in the FCC, for instance, should then not be able to get a job in a firm or company that is directly affected by the agency. So Commissioner Baker should look for a job in the nuclear industry? Car manufacturing? What? She's an expert in telecommunications, and the suggestion is that she not be able to make use and value of her exper-

tise in that field? Nonsense.

Yes, there are issues of conflict. There are also appropriate, tight rules that say she cannot lobby her former Commissioner colleagues while the current administration is in office. She's also not allowed to lobby regarding the specific items that related to the Comcast/NBCU merger. But Meredith Baker has a far broader scope than those issues, and Comcast made a brilliant move by getting her on board. They are accumulating a lot of very smart, experienced, long-range thinkers who can represent their interests. That's absolutely the right way to go. It's not about "last week's case," it's about where a very fast-moving industry is going, and hires like Baker and Kyle McSarrow show that the company is thinking exactly that way. More power to them.

As to those who are "tut-tutting" about all this, let me remind them of a few other things, lest they continue to infer things like a "purchase" of Baker's vote on the merger issue. That's just absurd. The day the merger was first announced, virtually every analyst concluded that both Commissioner Baker and Commissioner McDowell would likely vote in favor of it precisely because of their well known and clearly articulated views regarding mergers and the merger review process at the FCC. Had the review been shorter, the vote earlier, would these folks have been less concerned? Doubtful. They're going to make the unfounded connection between the vote and the job no matter what.

These same folks see no problem with Gene Kimmelman, the long-time head of Consumer's Union lobbying in Washington, becoming a key lawyer in the antitrust division of the Justice Department.

Revolving doors were created because they are efficient and serve a valuable purpose. Think about that.

Steve

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