

# CableFAX Daily™

Thursday — June 27, 2013

What the Industry Reads First

Volume 24 / No. 124

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## Doh! Mediacom Pulls a Homer on Broadcast Localism Claims

When it comes to retrans and programming costs, you can always count on **Mediacom** to be animated. And the MSO's latest missive to the **FCC** was very animated—we're talking *Matt Groening*-animated. "Homer Simpson, an iconic creation of broadcast television, once scolded his wife for "living in a world of make-believe! With flowers and bells and leprechauns and magic frogs and funny little hats," so begins Mediacom gen counsel *Joseph Young*'s recent letter to the Commission. Based on **NAB** chief *Gordon Smith*'s statement at last month's **Sen Commerce** State of Video hearing, "it appears the NAB also dwells in an imaginary world—with local broadcast station managers independently making programming selections that result in Americans enjoying a wealth of high quality shows and programs responsive to differing local needs and interests, all for free." Young is taking Smith to task for testimony that declared "localism is at the heart of what broadcasters provide each day to their listeners and viewers." In Mediacom's view, localism is a myth, with Young presenting stats from an analysis by the MSO of more than 130 stations owned or managed by selected multiple station groups other than the national nets during the hours of 6am-midnight on selected weekdays. NAB evp, communications *Dennis Wharton* called Mediacom's filing "ridiculous and borderline silly." Mediacom's broadcast analysis found that more than 38% of the stations didn't produce a single minute of local news or other local programming. Any local content was primarily news or morning shows, and "only about 18 hours out of a total of over 2300 hours of programming consisted of locally oriented programs that were not news and morning show," Mediacom said. The MSO added that even with local news, much time is spent on national news and sports and that almost every half hour of local news is identical. Mediacom's local beef isn't just on air, with Young writing that NAB's Smith overstates the contributions of broadcasters to the economic and social well-being of local communities and ignores the "far greater" contributions of cable (local programming such as Mediacom's net covering high school sports, local legislative forums and other local topics, franchises in smaller communities, PEG channels and so on). Then Young goes for the jugular, declaring that while cable has spent the past decade bringing digital VOD, broadband, VoIP and other services to the nation, the Big 4 networks' "contribution to improving the lives of consumers" was producing such "edifying and timeless" fare as **Fox**'s "The Littlest Groom," **ABC**'s "Are You Hot: The Search for America's Sexiest People," **CBS**'s "Baby Bob," and **NBC**'s "LAX." Cable has its share

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of groan-inducing TV, but Mediacom's point is that cable nets aren't given govt spectrum for it. "We think the evidence is clear that, for the vast majority of viewers of broadcast television, the quantity of locally produced and oriented programs is abysmal and the quality is dismal," Mediacom concludes. Meanwhile, the FCC continues to do nothing with this docket, but we'll keep on the lookout for a unicorn...

**Curious Reports:** Discovery Comm on Wed put the kibosh on reports that it will launch its own **HBO Go**-like streaming subscription service for MVPD subs in the near future. "The company is not developing or pursuing a direct-to-consumer offering," it said in a statement. "Any discussion or speculation to the contrary is simply inaccurate." That speculation stems mainly from a Tues *Reuters* article in which Discovery founder *John Hendricks* is quoted as saying the programmer is developing the infrastructure for a pay streaming service that could launch in 2-5 years and feature older Discovery content for paying MVPD subs. Hendricks' book *A Curious Discovery* references such a cloud-based video future, but as other news outlets picked up the story and chimed in Wed, Discovery said "confusion and mis-reporting has arisen over discussions of future cable technologies (to be developed over the next 5-10 years) with current industry discussions regarding TV Everywhere deployment. The company policy is clear: aggressively pursue TV Everywhere agreements that help deploy this critical new platform, reinforce the value proposition of the pay TV ecosystem, and through an authenticated pay wall, give consumers more access and choice."

**On the Hill:** Rep *Ed Markey* (D-MA) will soon become Sen Markey, after defeating Republican businessman *Gabriel Gomez* in the state's special election.

**In the Courts:** Time Warner Cable is using this week's Supreme Court ruling on the landmark Voting Rights Act in its argument against the FCC's '11 program carriage order. TWC and NCTA have challenged the order and are awaiting a ruling from the US 2nd District Court. In a letter Wed, TWC counsel said the SCOTUS decision "lends strong support to the contention of TWC that legislation which might previously have been deemed constitutional but which can no longer be factually supported, cannot withstand constitutional challenge." The Supreme Court's decision on Tues allows 9 states to change election laws without advance federal approval.

**Retrans:** The FCC proposed a forfeiture of \$2.25mln against TV Max, which operates a cable system in Houston, TX, as Wavevision. The FCC's Media Bureau launched an investigation that found the system was retransmitting the signals of 6 TV broadcast stations without their consent. TV Max had tried to argue that it didn't need broadcasters' consent to carry the signals because it fell under the so-called "MATV exception," which provides that in limited circumstances cable ops don't need broadcasters' consent to retransmit broadcast signals to building residents when the signals are received by master antenna television facilities. Fox, Univision, Post-Newsweek and ABC lodged complaints about the operator.

**A La Carte:** Count former congressman *Rick Boucher* (D-VA) as an a-la-carte supporter. Such a model is pro-consumer and allows MVPDs to better compete with OTT providers, he said at a Joint Center for Political and Economic Studies panel on broadband policy Wed. Boucher, now the honorable chmn of the Internet Innovation Alliance, said those who don't watch sports shouldn't have to pay for it. Minority Media and Telecom Council's *Maurita Coley*, however, warned that niche and special-interest programs would suffer in an a-la-carte world.

**Upfronts:** Fox Cable touted Wed that it has wrapped upfront negotiations, but it's not alone. Viacom finished several weeks ago, and Turner completed TNT, TBS, Adult Swim and truTV deals. We hear that Discovery Comm's approx 80% done. Meanwhile, buyers are still negotiating with ABC and NBC, buoying hope that mucho dollars are finding their way to cable. At Fox Cable, Nat Geo Channels and FX were standouts, while the Turner Nets are said to be on the top-end of the entire TV market in terms of CPM increases (*AdWeek* pegged CPM increases at 7-8% for the entertainment nets). Viacom is said to have seen CPM increases in the 3-7% range and low double-digit increases in volume.

**At the Portals:** New FCC chair, new try? Bloomberg is asking the FCC to hurry up and complete its review and order Comcast to neighborhood Bloomberg TV in every standard def news neighborhood in the top-35 DMAs for all head-ends where the business news net is carried. Bloomberg filed a complaint in June '11, claiming Comcast was violating NBCU merger conditions by carrying some news nets in a neighborhood, but not its channel. Last May, the Media Bureau partially granted Bloomberg's complaint. Then in Aug, it stayed the effectiveness of the order as it applied to markets with only a standard-def news neighborhood and no vacant adjacent channels. "The arguments in this matter are well

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known and the pleading cycle ended more than 8 months ago," Bloomberg said in a letter to FCC commissioners.

**Programming: Prospect Park's The Online Network** is getting sudsy with **OWN**. The producer and online home of "All My Children" and "One Life to Live" is licensing the first 40 eps of the dramas for an exclusive 10-week limited run. Half-hour eps begin airing July 15, with "AMC" at 1pm and "OLL" at 3pm. Back in Apr, Prospect Park partner *Rich Frank* suggested to **CableFAX** the soaps might get a window on cable (*Cfax*, 4/26). It just happened a couple months sooner than he predicted. -- **CNN's** debate program "Crossfire" returns this fall, with *Newt Gingrich*, *S.E. Cupp*, *Stephanie Cutter* and *Van Jones* hosting. Cupp, by the way, will continue to contribute to *Glenn Beck's TheBlaze*. Crossfire aired weeknights from '82-'05. -- **Pivot (Participant Media's** combination of **Halogen** and **Documentary Channel**) will launch Aug 1 with the premiere of late night talker "TakePart Live." Long-running Canadian series "Little Mosque" will make its debut on the net Aug 5. -- **USA** added 2 more eps to the 8th season of "Psych."

**People: Discovery Comm** named *Charlie Foley* evp of its newly created original content group. He'll continue to oversee **Animal Planet's** development dept. -- Separately, **Discovery Comm** hired *Stephanie Fried* as vp of digital insights & marketing with the digital media group.

## CableFAX Daily Stockwatch

Company	06/26 Close	1-Day Ch	Company	06/26 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	61.08	0.67	ECHOSTAR:	38.51	UNCH
DISH:	40.20	0.17	GOOGLE:	873.65	7.45
DISNEY:	63.21	0.64	HARMONIC:	6.20	UNCH
GE:	23.25	0.14	INTEL:	24.00	0.12
NEWS CORP:	32.35	0.63	JDSU:	13.78	0.06
<b>MSOS</b>					
CABLEVISION:	15.42	0.39	LEVEL 3:	20.59	0.14
CHARTER:	119.00	1.23	MICROSOFT:	34.35	0.68
COMCAST:	40.19	0.02	RENTRAK:	20.28	(0.22)
COMCAST SPCL:	38.51	0.08	SEACHANGE:	11.33	(0.11)
GCI:	7.69	(0.04)	SONY:	20.84	0.44
LIBERTY GLOBAL:	72.74	1.62	SPRINT NEXTEL:	6.97	0.09
LIBERTY INT:	22.42	0.27	TIVO:	10.89	(0.03)
SHAW COMM:	22.02	0.23	UNIVERSAL ELEC:	28.14	0.13
TIME WARNER CABLE:	103.64	4.27	VONAGE:	2.80	0.06
WASH POST:	484.14	0.84	YAHOO:	25.29	0.33
<b>PROGRAMMING</b>					
AMC NETWORKS:	63.74	0.11	<b>TELCOS</b>		
CBS:	48.43	0.50	AT&T:	35.33	0.30
CROWN:	2.62	0.14	VERIZON:	50.66	0.22
DISCOVERY:	75.72	0.26	<b>MARKET INDICES</b>		
GRUPO TELEVISA:	23.80	1.15	DOW:	14910.14	149.83
HSN:	52.88	0.15	NASDAQ:	3376.22	28.34
INTERACTIVE CORP:	47.28	0.32	S&P 500:	1603.26	15.23
LIONSGATE:	27.97	0.45			
SCRIPPS INT:	65.41	0.33			
STARZ:	21.59	(0.02)			
TIME WARNER:	57.39	0.72			
VALUEVISION:	5.01	0.04			
VIACOM:	67.90	1.43			
WWE:	9.78	(0.14)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.28	0.05			
ALCATEL LUCENT:	1.73	(0.03)			
AMDOCS:	36.31	0.24			
AMPHENOL:	77.52	1.13			
AOL:	35.76	0.65			
APPLE:	398.07	(4.56)			
ARRIS GROUP:	14.45	0.03			
AVID TECH:	6.06	(0.05)			
BLNDER TONGUE:	1.07	UNCH			
BROADCOM:	33.87	0.15			
CISCO:	24.39	0.38			
CLEARWIRE:	5.09	0.04			
CONCURRENT:	7.39	(0.11)			
CONVERGYS:	17.31	(0.19)			
CSG SYSTEMS:	21.53	(0.11)			

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## Think about that for a minute...

### Phantom Competition

Commentary by Steve Effros

The headline de jour? There's a group, called Gigabit Squared, sending out a press release announcing their proposed "pricing schedule" for their proposed new "gigabit broadband service" on their proposed system—well, actually a small, segregated area, of Seattle, Washington. And guess what? The 1-Gig "pricing" is a way "better deal" than you are likely to get today from your local cable operator, if you could get it. (Snicker)



The blogs are a-twitter. See! The "cable guys" and the other local ISP broadband providers have been ripping everyone off! Gigabit Squared is only going to charge \$80 per month for gigabit service if you sign up for a year, in advance, and then wait at least a year to start getting the service.

Wait, what was that last part? Well, you see there is no Gigabit Squared service just yet. In fact, there's no "fiber to the home" infrastructure at all. It hasn't been built yet. And we don't exactly know where it's going to be built, because like Google before it in Kansas City, Gigabit Squared is going to have a "pre-sign-up" process to see where the demand and commitment to pay actually is, and then they will build in those areas first... and maybe only in those areas, that is, if they get the finances. Where isn't clear.

Gigabit Squared is a "partnership" between the City of Seattle, the University of Washington, and Gigabit Squared, which promotes itself as a community development group. Their PR says the City won't pay for the system, but will lease "excess capacity" on its existing fiber runs to the partnership. The University of Washington is going to help with educational and medical uses of the super-fast system. No money committed there, either. So where does Gigabit Squared get its money? Maybe it's

from all the folks they expect to sign up in advance. Of course the first neighborhood for planned construction is around the University. The students are going to foot the bill? Now that's an interesting business plan.

There's more. The plan is to use wireless to connect the areas that don't have fiber, and the same group is touting a plan to build fiber in Chicago, but the first commitment is, as I understand it, limited to less than 5000 homes. Oh, did I mention the whole thing is based on delivering a CAT-5 connection to the home user. In other words, this is essentially an Ethernet system, similar, apparently, to the one in Hong Kong.

Ok, so let's concede that super-fast Internet connections are sexy, fiber to the home always gets good press, and describing the wonders of your planned service and floating a price a year before providing the system's first connection was, in the computer bubble years, known as vaporware. But never mind, the blogs and now the consumer and trade press are touting this new "competitor" as the new "benchmark" for what service and price should look like.

Well, maybe, but not likely. Of course Seattle was going to be served years ago by a ubiquitous WiFi broadband system. That never happened. So was Philly. Didn't happen there either, but we sure heard about the great prices they were intending to charge!

Hey, this stuff is much harder to actually do than to write press releases about. Google has billions in extra cash to spend. So did Verizon. But the cities don't. Let's stick with the "boots on the ground" approach of seeing who actually delivers what, not who sends out press releases.

*Steve*

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

CableFAX

## PROGRAM AWARDS

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.

**Sponsorship Opportunities:** Amy Abbey at aabbey@accessintel.com  
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