

CableFAX Daily™

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What the Industry Reads First

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Schooling the FCC: Lab Brings Hands-On Tech Experience

It was like a science fair exhibit for FCC wonks Wed at the Commission's 12th St HQ. *Julius Genachowski* unveiled the agency's new "Technology Experience Center" in the FCC Library, offering employees a chance to actually use the technologies they read and write about. "Most of our work can be based on pieces of paper, but there is often no substitute for the hands on experience of cutting edge technology," Genachowski said. Yes, FCC chmn Genachowski and fellow commissioners *Michael Copps* and *Mignon Clyburn* visited the displays of TVs, tablets, smart phones, etc from **Comcast, Verizon Wireless, Motorola** and many others, but it was non-Commissioners who will probably get the most out of the on-site resource. "I've never seen it before," said one staffer as she donned a pair of 3D glasses at **LG Electronics'** 3DTV display. "It's as though you're sitting on the 1st row," declared a man, watching hoops action on **ESPN 3D**. Several DC heavy hitters were in attendance, including **NCTA** chief and former FCC chmn *Michael Powell*. He said the exhibit could prove especially helpful given the ethics rules that make it hard for some staffers to attend exhibition events such as the Cable Show. While the opening had execs from various companies showcasing their wares, most of the displays and devices will stay up after company representatives leave so that staffers can play with them as warranted. Genachowski encouraged FCC staff to not be shy about visiting the center, which will be open full-time to staff and select visitors from the community. "This is part of your job. It's OK to spend time here," he said. Each month, a section of the Center will feature a specific type of communications innovation. Aug is education; Sept is public safety; October, healthcare; Nov, small business; and Dec will feature energy. Manufacturers and/or vendors interested in donating devices to the Center should contact FCC TEC dir *Ronald Cunningham* at TEC@fcc.gov. In his 1st blog post since becoming **Comcast/NBCU** DC pres in Apr, ex-NCTA CEO *Kyle McSlarrow* opined about the products showcased by Comcast (the only MSO present at the tech lab Wed), calling them a few examples of "our network's powerful capabilities and commitment to deliver continuous innovations for our customers." Instead of going the entertainment route, Comcast's demos focused on its Home Security and Energy Management suite, Constant Guard complimentary Internet protection service and the multi-screen Xfinity experience. Look for the Center to grow and improve. "This is just the beginning," Genachowski told the crowd.

Big Commitment: *Oprah* spoke of her meaningful engagement with **OWN** at **The Cable Show** last month (*Cfax*, 6/17),



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but the sentiment gained new solidity Wed with the announcement that she will expand her role as chmn of OWN and become the permanent CEO and chief creative officer, effective this fall. Also notable is the immediate appointment of current **Harpo Studios** presidents *Erik Logan* and *Sheri Salata* to the same posts at OWN—further indication that Oprah means business. “I am ready to dedicate my full creative energy and focus as the full time CEO of OWN. By aligning the mission, talent and leadership of Erik, Sheri, the OWN team, the Harpo team, along with expertise... of Discovery behind us, we can unleash the full potential of the network,” she said in a release. After serving as interim boss of OWN since *Christina Norman* (**Cfax**, 5/9) was shown the door in early May, **Discovery Comm** COO *Peter Liguori* will work closely with Logan and Salata during the transition. A main focus will undoubtedly be creative dev and fresh programming, a lack of which is seen as the primary reason for OWN’s sluggish ratings start. The net has achieved a modicum of success with shows including “Why Not? With Shania Twain” and “Finding Sarah: From Royalty to the Real World,” but content breadth and consistency remain imperatives. “The announcement of Oprah, Erik and Sheri completes the plan for developing a strategic creative track and finding the right management team to execute on that plan going forward,” said Liguori. “I look forward to a robust new season with *Lisa Ling*, *Rosie* and a number of projects that will continue building OWN’s audience, brand strength and growth.” On tap are projects including “Rosie” (Oct) and “Oprah’s Next Chapter” (Jan).

On the Hill: Sens *Barbara Boxer* (D-CA) and *Jay Rockefeller* (D-WV) want the **DOJ** and **SEC** to investigate whether **News Corp** broke any US laws in its phone hacking scandal. They said allegations of bribing police officials for access to private phone info and records, if true, may constitute a violation of the Foreign Corrupt Practices Act, which prohibits corrupt payments intended to influence any act or decision of a foreign official. They also want authorities to investigate whether the privacy of any US citizens was violated given allegations that News Corp employees may have illegally accessed phone records of 9/11 victims. -- Broadcasters like draft House Republican spectrum legislation, with **NAB** CEO *Gordon Smith* saying the proposal would provide “truly voluntary” spectrum auctions. **Public Knowledge** hates it, particularly a provision that would allow broadcasters who take advantage of the auctions to seek a waiver from a rule or law in lieu of money from the auctions. This sets the stage for robust debate at Fri’s **House Communications** subcmte hearing.

In the States: **Cox** contracted **Level 3** to provide high-speed IP and transport services while expanding its wholesale ability to use and resell Level 3’s sevices. The MSO will also purchase additional dark fiber to expand its backbone and support the growth of its broadband network. -- Following recent launches in states including CA, MD and FL, **Comcast** completed the national rollout of **Xfinity Signature Support**. The troubleshooting service for computers, home networking equipment and other devices is available via a monthly subscription plan or for one-time fixes. -- Small cable ops in Topeka, KS, are asking Gov *Sam Brownback* (former **Sen Commerce** member) to tell the **FCC** to block or condition the sale of **ABC** Topeka affil **KTKA** (owned by **Free State**) to **PBC Broadcasting**. They are concerned that **New Vision**, which owns the **NBC** and **Fox** stations in the market, will coordinate carriage negotiations with PBC, as the 2 do in other parts of the country. “Absent government intervention, the Topeka Triopoly will use its market clout to stage massive signal blackouts until pay-TV providers, especially vulnerable small and midsize cable operators, cough up an outrageous pile of cash,” wrote reps from **Mediacom**, **Giant Comm**, **WTC Comm**, **Rainbow Comm** and **Twin Valley Comm**.

Carriage: **Comcast** now offers access to **Smithsonian Channel** for Xfinity Digital Preferred subs in several markets including Boston, Detroit and Pittsburgh. The net will launch in additional Comcast markets in the coming months.

3D and Smart TVs: **Sony Electronics** extended its sponsorship for another year of **ESPN 3D**’s productions of the upcoming Summer X Games and regular college football season this fall. Separately, Sony launched in 5 countries including the US a free platform called **3D Experience**, which through clips promotes 3D content on 3D-enabled **Bravia LCD TVs**. -- **BBC Worldwide** launched an on-demand video and text news service for owners of Samsung Smart TVs, enabling rich video clips and text from BBC News Online. It’s free in the Samsung Apps Store.

Backlash: No doubt more than a few cable execs were snickering Wed as a flood of consumers cried foul over **Netflix**’s price hikes and threatened to drop their subscription. So many people weighed in on the change—whether at Netflix.com, within analyst notes or through media outlets—that NFLX’s multi-year renewal of its licensing agreement with **NBCU Domestic TV Distribution** for non-exclusive film and TV library titles for streaming was overshadowed. Not all the reaction has been negative, however, and investors responded by buying shares of NFLX (+2.56%) and competitors including **Coinstar** (+2.47%) and **DISH** (+1.80%).

BUSINESS & FINANCE

Technology: The Digital Ent Content Ecosystem launched its licensing system for content, tech and service providers, part of its plan to roll out **UltraViolet** this fall. UV aims to allow customers to collect and watch digital content across devices, including computers and smartphones, through an industry standard. The licensing system allows partners to build interacting retail services, apps and devices. More than 70 companies are part of DECE, including **Comcast**, **Cox** and **CableLabs**.

Ratings: Galavision's Sun coverage of the **FIFA U-17 World Cup Final** between Mexico and Uruguay kicked home the highest ratings in the history of Spanish-language cable TV, including averages of 2.2mln total viewers, 1.5mln 18-49s, 1.1mln men 18-49 and 983K 18-34s.

People: *Christina Miller* added the role of gm, **NBA Digital** to her business card that reads svp, **Turner Sports Strategy/Marketing/Promotions**. -- NBCU upped *Jodi Kahn* to pres, **iVillage**. -- **Nick/MTVN Kids** and Family group promoted *Sergio Cuan* to svp, creative dir, brand and property design.

Business/Finance: **News Corp** is no longer pursuing full ownership of **BSkyB**, with deputy chmn *Chase Carey* saying "it has become clear that it is too difficult to progress in this climate." News remains a long-term shareholder in the company.

CableFAX Daily Stockwatch

Company	07/13 Close	1-Day Ch	Company	07/13 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	52.83	0.41	BIGBAND:	2.10	(0.02)
DISH:	31.61	0.56	BLNDER TONGUE:	1.68	0.00
DISNEY:	39.56	0.41	BROADCOM:	33.30	(0.04)
GE:	18.51	0.13	CISCO:	15.57	(0.03)
NEWS CORP:	16.36	0.28	CLEARWIRE:	3.35	(0.23)
MSOS					
CABLEVISION:	26.27	(0.04)	CONCURRENT:	6.11	0.14
CHARTER:	56.76	0.04	CONVERGYS:	13.40	(0.08)
COMCAST:	24.57	(0.05)	CSG SYSTEMS:	18.72	(0.08)
COMCAST SPCL:	23.80	(0.08)	ECHOSTAR:	37.29	0.38
GCI:	12.52	0.43	GOOGLE:	538.26	4.25
KNOWLOGY:	14.68	0.11	HARMONIC:	6.85	(0.02)
LIBERTY CAPITAL:	86.66	1.45	INTEL:	22.48	0.03
LIBERTY GLOBAL:	44.37	0.68	JDSU:	15.08	0.05
LIBERTY INT:	17.58	0.06	LEVEL 3:	2.44	(0.01)
SHAW COMM:	22.54	(0.17)	MICROSOFT:	26.63	0.09
TIME WARNER CABLE:	77.88	0.07	MOTOROLA MOBILITY:	21.45	0.41
VIRGIN MEDIA:	27.72	0.07	RENTRAK:	18.47	0.40
WASH POST:	415.84	8.21	SEACHANGE:	10.55	0.10
PROGRAMMING					
AMC NETWORKS:	37.01	(0.04)	SONY:	27.06	0.44
CBS:	27.97	0.23	SPRINT NEXTEL:	5.41	(0.02)
CROWN:	1.85	(0.03)	THOMAS & BETTS:	53.44	0.13
DISCOVERY:	41.82	(0.06)	TIVO:	10.46	0.18
GRUPO TELEVISIA:	22.40	(0.14)	UNIVERSAL ELEC:	25.33	0.09
HSN:	34.03	0.23	VONAGE:	4.69	0.08
INTERACTIVE CORP:	37.74	0.07	YAHOO:	14.91	0.05
LIBERTY:	41.28	(0.04)	TELCOS		
LIBERTY STARZ:	74.31	1.05	AT&T:	30.82	0.05
LIONSGATE:	6.81	0.15	VERIZON:	36.94	(0.15)
LODGENET:	2.91	(0.14)	MARKET INDICES		
NEW FRONTIER:	1.40	(0.01)	DOW:	12491.61	44.73
OUTDOOR:	6.83	(0.37)	NASDAQ:	2796.92	15.01
SCRIPPS INT:	47.03	0.20	S&P 500:	1317.72	4.08
TIME WARNER:	35.81	0.41			
VALUEVISION:	8.62	0.33			
VIACOM:	56.76	(0.01)			
WWE:	9.79	0.04			
TECHNOLOGY					
ADVANTAGE:	2.57	0.03			
ALCATEL LUCENT:	5.26	(0.1)			
AMDOCS:	30.32	(0.06)			
AMPHENOL:	51.32	0.19			
AOL:	19.75	(0.1)			
APPLE:	358.02	4.27			
ARRIS GROUP:	11.53	0.03			
AVID TECH:	20.00	1.02			

NOTICE OF PUBLIC SALE

On July 21, 2011, at 9:00 a.m. Central Time, Gladstone Capital Corporation, successor-in interest to Westburg Media Capital, L.P. or its assignee ("Lender") will offer at public sale certain assets of SCI Cable, Inc. ("Debtor") consisting generally of all fixtures and all tangible and intangible personal property of Debtor. The Debtor operates cable television systems serving Topeka, Perry and Manhattan, Kansas. The sale will take place at the law offices of Bryan Cave, LLP, One Kansas City Place, 1200 Main Street, Suite 3500, Kansas City, MO 64105-2100. Sale will be to the highest qualified bidder. Lender reserves the right to credit bid at the sale. There shall be no warranty relating to title, possession, quiet enjoyment, or the like in the disposition of the property. All terms and conditions of the sale and a complete description of the assets to be sold may be obtained by calling Mark Stingley at 1-816-391-7649 or emailing him at mgstingley@bryancave.com.

Think about that for a minute...

Discriminating

Commentary by Steve Effros

I consider myself a discriminating observer, a discriminating reader, a discriminating eater—and none of those are considered bad. To be discriminating is to make judgments, appreciate differences and choose alternatives.

To be accused of discrimination, on the other hand, has somehow gotten to be a bad thing. It's time to re-think that formula and recover the true and valid meaning of the word and act. There's nothing inherently wrong with discrimination. Choosing between options is what we all do all the time. If those choices turn out to be for provably intended improper purpose, then, yes, that becomes illegal or anticompetitive action. But the fact that we discriminate, and the act of discriminating is not, in itself, illegal or anticompetitive.



We have become so used to the idea that it is, for instance, illegal to discriminate on the basis of sex or race—because both of those characteristics, in and of themselves, are not valid grounds for discrimination according to our social morés—that somehow the mere act of discrimination has been bundled into the thought process and language we use. That's creating some very bad assumptions and logic.

There's a case going on right now at the FCC regarding the carriage and placement of the Tennis Channel on Comcast systems. The accusation is that Comcast "discriminated" against the Tennis Channel in favor of channels it owns. A Bureau recommendation has now been rendered to the Administrative Law Judge hearing the case saying that not only is Comcast guilty of "discrimination," but that the Channel should be required to be carried broadly on Comcast's systems and that Comcast should be heavily fined.

I don't want to get into the fine points of the case. Suffice it to say, I think the Commission is walking on extremely

thin ice. Imagine a federal agency deciding that *USA Today*, a dominant nationally published newspaper (of which there are fewer than there are major MVPDs) had "discriminated" against a particular columnist. The charge: they "favored" their own columnists instead!

Well, of course they did. There's nothing wrong with that. That's what editors do. They discriminate. They decide what is going to be placed where on or in their medium, the one they created, the one they sell, the one with their name on it. There is nothing inherently wrong with such "discrimination." Indeed, we could use more of it.

Years ago, there was a cable company in the deep South that decided not to carry MTV because of the cultural dissonance it caused in their communities. That's discrimination. It's also editorial control. In another example, one of the leading figures in the cable industry refused to carry "ultimate fighting" competitions on his systems because he believed they were not appropriate. That, too, is discrimination.

Companies have been created, and aided by Congress, to sell "cleaned up" copies of DVDs. That's discrimination. Program editors, networks, broadcasters, and, yes, cable operators make decisions all the time as to what they want to carry, or publish, and what they don't. That's discrimination.

If the FCC now gets into the business of deciding what programming is "equivalent" or "competitive" with other programming and thereby decrees that it "must" be carried on certain tiers at certain prices because a company has "discriminated," there is only one sure result: the ice will break, the First Amendment rights of cable operator editors and owners will be tested, and the Commission will be reminded of my favorite aphorism; you never know how deep a puddle is until you step in it.

Steve

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