

CableFAX Daily™

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What the Industry Reads First

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Tick Tock: Why a CBS-TWC Extension Isn't Necessarily a Good Thing

If CBS owned-and-operated stations go dark Thurs morning on Time Warner Cable as some predict, many will make a lot of TWC not taking the broadcaster up on its offer of an extension. It'll be hard for the MSO to explain that away to upset customers, but there could be a pretty good reason. If CBS went dark now, some will probably fret over missing summer series like "Under the Dome" and "Big Brother." But they are expected to be able to catch up on those shows online—or on linear TV... CBS-owned TVGN is airing the network's most recent "Big Brother" eps every Fri for 3 hours beginning at 8pm. An extension would probably only be a few weeks, putting the deadline dangerously close to the start of NFL—a much bigger nuisance. Thus far, TWC disputes CBS' claims that it has refused an extension. "We said we'd be happy to consider an extension offer, but right now we want to continue to negotiate to try to reach an agreement before the expiration," a spokesperson said. It's still possible, especially if things are going well, that the 2 reach an extension. In the hours before Thurs' 9am ET deadline, the back and forth continued between the 2. CBS shows such as "The Young & the Restless" and "The Price is Right" urged TWC subs to contact the MSO, tweeting that "today's ep may the last you'll see if they drop CBS." One such tweet urging people to demand CBS came from CBS News' twitter handle, prompting MVPD-backed American TV Alliance (TWC is a member) to question the separation between editorial and business. Meanwhile, BTIG's Rich Greenfield stirred up a hornet's nest with blog posts suggesting TWC's auction off CBS' prime channel spot (it has been channel 2 in NYC and L.A. for decades). The MSO is now publicly threatening that CBS will lose its channel space if it goes dark. Once it elects retrans over must-carry, it loses the right to a certain channel position. "CBS obviously won't be making any deals where we are required to change our channel position," a network rep said.

Look Out Belo: ACA, DirecTV and Time Warner Cable joined forces to petition the FCC to deny Gannett's proposed acquisition of Belo. If granted, the deal would create "new virtual duopolies and facilitate coordinated retransmission consent negotiations" in St Louis, Phoenix, and Tucson markets, the trois said. Consequently, Gannett, which would become the 4th largest owner of broadcast stations, would have a big increase in negotiating leverage from an aggregation of market power, they said, and the deal also could potentially increase retrans fees and the risk and incidence of broadcast blackouts in these markets. Alternatively, the Commission should condition its approval on a requirement that Gannett



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refrains from coordinating negotiations from carriage on behalf of any of the non-commonly owned stations in any of such stations' markets. Gannett announced its \$2.2bln acquisition of Belo last month.

In the Courts: DISH's ad-skipping AutoHop wins again, with the 9th Circuit Court of Appeals upholding a district court ruling from Nov that declined Fox's motion for a preliminary injunction for the service. Fox said it will review all of its options. It could choose to file an appeal for an en banc hearing or ask the US Supreme Court to consider the case. AutoHop allows users to play back certain PrimeTime Anytime recordings commercial free, starting the day after the broadcast.

Affiliate Relations: Move over Sharknado. Shark Week is almost here. **Discovery's** 26th week of shark programming includes several affiliate tie-ins, including screening at city aquariums and museums, a Shark Week sweeps and cross channel spots in multiple markets. Discovery Education even will add programming to its digital textbook series.

On the Hill: Four lawmakers from both sides of the aisle support the **FCC's** effort to free up more spectrum in the 5GHz band for unlicensed use, they said in a letter to acting FCC chairwoman *Mignon Clyburn*. "Given the immediate economic and consumer benefits of expanding WiFi in the 5GHz band," the FCC should move quickly "with collaborative testing of promising spectrum sharing solutions involving both incumbents and the WiFi industry," the lawmakers, which include Rep *Anna Eshoo* (D-CA), *Darrell Issa* (R-CA), *Doris Matsui* (D-CA) and *Bob Latta* (R-OH), wrote. In addition, government and industry must work together on spectrum sharing solutions, they said, noting the agency allocated 75 MHz of spectrum in the 5.9GHz band for Intelligent Transportation Systems (ITS) to improve highway safety and efficiency. -- **Senate Commerce** head *Jay Rockefeller* (D-WV) and ranking member *John Thune* (R-SD) introduced cybersecurity legislation. The Cybersecurity Act of 2013 would give the **NIST** authority to facilitate and support the development of voluntary, industry-led cyber standards and best practices for critical infrastructure, among other things.

Googlism: **Google** is determined to enter the living room entertainment market: It launched Chromecast, a small stick that connects to TV HDMI inputs and enables viewers to move content via WiFi from secondary devices to the big screen. The device works with **Netflix**, **YouTube** and **GooglePlay** platforms, with support for future platforms like **Pandora** coming soon. Available for \$35, Google is offering 3 months of free **Netflix** to Chromecast customers. The company also launched a developer program to encourage more development for the Chromecast system. In addition, the company released a new version of its Nexus 7 Android tablet featuring HD resolution with 1920x1200 pixels. Price for the LTE and WiFi-enabled device starts at \$229. -- Separately, **Google Fiber** started a mobile marketing tour for its TV and broadband service. Google employees will be driving a pickup truck with a Mobile Fiber Space attached to showcase its fiber-based TV services. The team expects to be traveling throughout Kansas City Thurs.

TVE: Big Ten Net's TVE app BTN2Go is supported by all of its major distributors, with the net saying it is the first TV Everywhere service of an ad-supported network available to virtually its entire viewer base. The app offers BTN programming, including live feeds of game telecasts and Extra Football Game Channels, the part-time channels only available during football season when BTN airs games simultaneously. With college football season a month away, the app, which can be accessed via the Internet, and on iPad, iPhone and Android devices, will come in handy for subs.

Summer TCA: The carnival known as the **Television Critics Assn** press tour officially kicked off Wed in L.A., with **Nat Geo** taking the plunge as the 1st victim, er... presenter. Playing off its best-rated, Emmy-nominated "Killing Lincoln," "Killing JFK" (Nov premiere) generated the nets' loudest hype, with lead actor *Rob Lowe*, who plays JFK, telling critics he wants to "inhabit not imitate" JFK, although a clip demonstrated the actor's mastery of Kennedy's voice. The reality series "Doomsday Castle" (Aug 13 premiere) focuses on an edifice in an undisclosed location in the Carolina mountains where a family is prepping for a cyber attack or a natural disaster that destroys the country's power grid. As Nat Geo CEO *David Lyle* joked, "Nothing brings a family together like Armageddon." And with "Jobs That Bite!" (Nov premiere), host *Jeremy Brandt* traverses the country working as a goat milker, lion veterinarian tech, skunk Hazmat specialist, goat herder, bee charmer, chimp handler and camel milker, among other things. -- Next up was **Hallmark**, which touted solid ratings for the Sat night premiere of its 1st series "*Debbie Macomber's Cedar Cove*." Also in development is original movie "Dead Letters" (wt, premieres Oct 12) about a group of postal detectives determined to deliver packages and letters from the past. If greenlit, a full series would premiere in 2014. New series "When Calls the Heart" about a female teacher in a 19th century coal town in the Western Frontier kicks off with a 2-hour movie on Oct 5, followed by additional episodes in Jan 2014. Hall-

BUSINESS & FINANCE

mark Channels pres/CEO *Bill Abbott* said those and other planned series represent “an exciting turning point” for the net. -- Let’s face it: **ESPN’s** big draw at TCA was the return of *Keith Olbermann*, who again insisted he won’t address politics but denied reports that a clause in his contract prohibits it. The return to ESPN has been in the works for a year or more, *Olbermann* said. And despite the “screaming matches” that had occurred in the past, his subsequent experience at other networks “made ESPN look like, in retrospect, a ‘let’s applaud Keith session for 5 years,’” he said. And yes, the show will include a “worst person in the sports world” segment. ESPN also highlighted its stellar “30 for 30” documentary series, bringing out *Kevin Connolly* of **HBO’s** “Entourage” fame, the director of “Big Shot” about con man *John Spano’s* fake attempt to buy the NY Islanders, and “This is What They Want,” a look at *Jimmy Connors’* epic ‘91 U.S. Open run at 39 years of age.

Business/Finance: Comcast extended chmn/CEO *Brian Roberts* contract until June 30, 2014, according to an SEC filing. It has been standard over the last few years for Roberts’ contract to be extended 1-year at a time. The new contract took effect June 30, but wasn’t signed until this week. -- **Comcast** declared a quarterly dividend of \$0.195 a share payable on Oct 23 to shareholders of record as of the close of business on Oct 2.

CableFAX Daily Stockwatch

Company	07/24 Close	1-Day Ch	Company	07/24 Close	1-Day Ch			
BROADCASTERS/DBS/MMDS								
DIRECTV:	63.68	(0.92)	GOOGLE:	902.90	(0.9)			
DISH:	44.79	(0.59)	HARMONIC:	7.70	0.74			
DISNEY:	64.64	0.19	INTEL:	22.93	0.18			
GE:	24.62	(0.09)	JDSU:	14.62	0.09			
NEWS CORP:	30.48	(0.38)	LEVEL 3:	21.59	(0.16)			
MSOS								
CABLEVISION:	18.70	UNCH	MICROSOFT:	31.96	0.14			
CHARTER:	128.22	0.45	RENTRAK:	21.87	0.36			
COMCAST:	44.96	(0.18)	SEACHANGE:	12.17	(0.06)			
COMCAST SPCL:	42.92	(0.18)	SONY:	22.81	(0.2)			
GCI:	9.03	(0.06)	SPRINT NEXTEL:	5.77	(0.08)			
LIBERTY GLOBAL:	80.44	(0.57)	TIVO:	11.38	(0.25)			
LIBERTY INT:	24.33	(0.21)	UNIVERSAL ELEC:	31.33	0.86			
SHAW COMM:	25.25	0.43	VONAGE:	3.31	UNCH			
TIME WARNER CABLE:	117.29	UNCH	YAHOO:	27.84	0.48			
WASH POST:	533.44	12.12	TELCOS					
PROGRAMMING								
AMC NETWORKS:	68.36	(0.23)	AT&T:	35.40	(0.41)			
CBS:	52.48	0.01	VERIZON:	50.38	0.02			
CROWN:	2.70	0.06	MARKET INDICES					
DISCOVERY:	84.63	(0.38)	DOW:	15542.24	(25.5)			
GRUPO TELEVISIA:	26.10	0.12	NASDAQ:	3579.60	0.33			
HSN:	59.51	(1.21)	S&P 500:	1685.94	(6.45)			
INTERACTIVE CORP:	51.51	(0.45)	TECHNOLOGY					
LIONSGATE:	31.84	0.15	ADDVANTAGE:	2.53	0.01			
SCRIPPS INT:	71.70	(0.29)	ALCATEL LUCENT:	2.14	UNCH			
STARZ:	23.28	(0.41)	AMDOCS:	38.63	0.17			
TIME WARNER:	62.30	(0.54)	AMPHENOL:	77.91	(0.01)			
VALUEVISION:	6.10	(0.07)	AOL:	37.45	0.15			
VIACOM:	73.04	(0.96)	APPLE:	440.51	21.52			
WWE:	10.80	(0.21)	ARRIS GROUP:	15.35	(0.17)			
TECHNOLOGY								
ADDVANTAGE:	2.53	0.01	AVID TECH:	6.21	0.07			
ALCATEL LUCENT:	2.14	UNCH	BLNDER TONGUE:	0.99	(0.11)			
AMDOCS:	38.63	0.17	BROADCOM:	27.01	(4.82)			
AMPHENOL:	77.91	(0.01)	CISCO:	25.59	0.03			
AOL:	37.45	0.15	CONCURRENT:	7.79	(0.04)			
APPLE:	440.51	21.52	CONVERGYS:	19.01	(0.23)			
ARRIS GROUP:	15.35	(0.17)	CSG SYSTEMS:	23.30	(0.19)			
AVID TECH:	6.21	0.07	ECHOSTAR:	40.50	(0.37)			
BLNDER TONGUE:	0.99	(0.11)						
BROADCOM:	27.01	(4.82)						
CISCO:	25.59	0.03						
CONCURRENT:	7.79	(0.04)						
CONVERGYS:	19.01	(0.23)						
CSG SYSTEMS:	23.30	(0.19)						
ECHOSTAR:	40.50	(0.37)						

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People Watch... Programs!

Commentary by Steve Effros

Who would have guessed? It's not the spectrum, or the station or the signal or the disc, wire, coax or fiber that folks are actually watching... it's the program! We're once again witnessing this truth stare directly in the face of the various reporters, analysts and pundits who cover the television business, and once again they jumped to the wrong conclusion.



Headlines hit the front pages about the Netflix-financed program "House of Cards" being nominated for several Emmy awards. A historic first, it was reported. The sign of a massive change in how television is going to be watched, they said. The beginning of the end for cable (again!)

Of course when HBO got its first Emmy nomination for "The Sopranos" back in 1999, the same type of headlines appeared, but they were saying that this was the death knell for broadcast television, that cable was going to take over. Well, in a way they were right. Fourteen years later, HBO racked up 108 nominations for Emmy awards this year, far more than any broadcast television network's fare. But the networks are doing just fine, thank you. They did not disappear. They did not die or wither away in the face of people watching programs delivered differently. The sole question those watchers care about is the quality of the program, not who or how it is delivered, and some of us have been trying to make that point for an awfully long time now!

"The Sopranos" has been lauded as "...one of the richest achievements in the history of television." *The New York Times*, after the first season, declared that it "...just may be the greatest work of American pop culture of the last quarter century." You can read many more quotes like that by checking the Wikipedia page devoted to the pro-

gram. And yet, and yet, while all this was going on it just didn't turn out to be true that the advent of a really good dramatic series on a "cable channel," of all things, was the tipping point in the demise of another form of television delivery; broadcasting. Similarly, I am confident, the Emmy nominations for "House of Cards" whether it wins or not (it took "The Sopranos" five tries) will not signal the end of television as we know it.

Nope, it will once again reinforce the reality that people watch programs, not delivery technologies. It was a brilliant stroke, as I've written before, for Netflix to spend the money to get a really top-notch production created. Not sure how many folks have actually seen all the episodes—Netflix won't tell us. But in terms of pure PR, the price must have been worth it. After all, the company reportedly spent lots more putting little campaign signs up in L.A. on the lawns of all the nominators! I wonder if, back in '99, HBO quietly left messages on all the answering machines of the nominators saying it had an "...offer they couldn't refuse." (Yes, I know, different show... but you get my drift!) What Netflix will learn, as we all have, is that viewers will soon ask "what have you done for me lately!"

Anyway, what we should take away from all this is that Netflix should be congratulated for producing a good show, and we can all once again note that consumers have a multitude of excellent ways of seeing video these days, and most important, that they really don't care how they get them, they watch programs, not technologies!

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)

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