

CableFAX Daily™

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What the Industry Reads First

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Day 7: Focus of TWC, CBS Spat Moves to FCC

In 2000, **ABC's** owned-and-operated stations in NY, L.A. and other major markets went dark on **Time Warner Cable**. It is considered a landmark moment by self-proclaimed retransmission consent historians. The blackout lasted a day. In 2010, **Fox** made the unprecedented move of blocking **Cablevision** HSD subs' access to its programs online during a retrans dispute. While the TV blackout lasted 14 days (we've come a long way since 2000!), the Internet blackout only made it about 24 hours before Fox reversed course following an outcry from then Rep **Ed Markey** (D-MA) and others in DC. **Public Knowledge's** **Harold Feld** lamented the changes and fretted in a call with reporters this week that blocking online programming will become precedent if it's allowed to continue. "It would certainly be a nice start if someone on the 8th floor showed they care," he said, referring to the **FCC's** commissioners. Asked about the spat at a news conference following Fri's open FCC meeting, FCC interim chair **Mignon Clyburn** said she's "ready to consider appropriate action" if the dispute continues, but didn't elaborate. The FCC is actively monitoring the dispute and is in touch with both parties, she said. "It's Day 7... I am deeply disappointed... and really distressed" that the companies are still unable to reach an agreement, she said. Rep **Jim McDermott** (D-WA) sent a letter to Clyburn earlier in the week claiming that CBS's action violates the FCC's '05 Broadband Internet Policy Statement. "As a Member of Congress representing Seattle, the home of so many companies and institutions with an important stake in a free and open Internet, I am troubled to see Internet access being used as a weapon in a commercial contract dispute affecting television," he wrote. Markey, now a senator, also encouraged the FCC to investigate. **The American TV Alliance**—which counts several MVPDS, including TWC, as members—commended Clyburn for calling attention to the consumers affected by the ongoing CBS-TWC dispute but said the time to act is now. "The FCC has sat on the sidelines for too long on this issue and consumers will continue to be harmed until the retransmission consent process matches up with today's video marketplace," ATVA said. Of course, it's unclear what the FCC can do. Feld believes it could and should issue a declaratory ruling on CBS's blocking TWC Internet customers from viewing its online content. Analysts at **Stifel Nicolaus** said the FCC's ability to resolve the dispute is limited, but Clyburn's comments "add to the pressure on both sides to negotiate a solution." They do not, however, see the CBS.com blackout as a matter subject to net neutrality rules. "Still, if the FCC makes clear its objections to the CBS



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action, it would be something CBS would have to take seriously,” said a Stifel Nicolaus note.

Black August: As **Time Warner Cable** and **CBS** entered day 7 of their feud, the MSO's subs in Green Bay, Milwaukee, Omaha and other markets went into Day 16 without **Journal Broadcast** stations. Three TWC customers turned to the courts, seeking compensation for every customer not receiving **WTMJ** in southeast WI. They want customers to get credit for 1 day of video programming for each day the service interruption has lasted more than 4 hours. TWC said Fri afternoon that it hadn't been served with the complaint, but it appeared from press reports that 1 of the claims is based on “a complete misunderstanding of a WI statute. Under certain circumstances, the statute provides for a credit when there is a total service outage, but not when “one broadcaster decides to withhold its signal from a cable system,” the MSO said, blaming Journal for the misunderstanding. “It has been falsely stating through advertisements and statements on its website that customers are entitled to a refund for the loss of **WTMJ**. We have written to JBG and demanded that they immediately cease misleading our customers but they have continued to publish the false information,” TWC said. Meanwhile, with the Green Bay Packers' 1st preseason game slated for kickoff Fri night on **WTMJ**, TWC is running a slate on the channel informing subs they can catch the game on **Telemundo** or in a replay on **NFL Net**. TWC offices are handing out antennas at a brisk pace, we're told. Also part of Black August are **DISH** subs in Montgomery, AL, Cleveland and 34 other markets that have been without Raycom stations since Aug 1. As of our deadline Fri, still no deal...

At the Portals: FCC interim chair *Mignon Clyburn* will work on ways to free up more spectrum for broadband and address media ownership issues while she's still leading the Commission, she said during the FCC's Open Meeting Fri. In addition, the Commission was still on track for finishing the framework for incentive auction this year and holding the auction next year, officials said during the meeting. Meanwhile, the agency modified rules governing the unlicensed equipment in the 57-64 GHz band to improve the use of unlicensed spectrum as “a relatively low-cost, high-capacity short-range backhaul alternative” for wireless broadband. These modifications could provide wireless broadband network connectivity over distances up to a mile at data rates of 7 Gbps. Meanwhile, rules for indoor unlicensed equipment, including services and products delivering uncompressed video to TV receivers and video displays, remain unchanged. The FCC also upped the power permitted for outdoor operations between fixed points using highly directional antennas, and tied the maximum power permitted to the precision of the antenna beam to other users. That would allow outdoor devices to offer high-capacity communications over longer distances, improving the use of unlicensed 57-64 GHz band for broadband.

In the States: **Comcast** is testing its tier data plans in additional markets. The trials, starting Sept 1, cover Xfinity Internet subs in Central KY, Savannah, GA, and Jackson, MS. The plan caps the monthly limit to 300 GB, and the MSO will offer additional gigabytes in blocks of 50 GB for \$10 each. In addition, Economy Plus customers can enroll in the new Flexible-Data Option designed for light users who typically use 5 GB or less a month.

From the Street: **Macquarie Securities** analysts were bullish on **Scripps Networks'** outlook due to a healthy ad market, positive upfront results, expected improvements at **Travel Channel** thanks to programming investments and the continued growth in international markets. Despite concerns of increased competition for lifestyle programming, Scripps delivered solid results during 2Q, they wrote, raising their '13, '14, '15 earnings per share estimates by 1%, 5% and 5%, respectively. The analysts cited **HGTV** as “the real sweet spot,” with revenue up 13% YOY helped by mid-single digit viewership growth. -- **AMC Networks'** growth is “still in its infancy,” **Macquarie Securities** analysts wrote in a separate report. They expect outsized viewership driven by the company's original content to continue. Near-term growth will be helped by migration of **Sundance Channel** to ad-supported net and higher penetration of **Wetv** and **IFC**, they said.

Ratings: The 1st round of the '13 **PGA Championship** aired live on **TNT** Thurs scored a 1.1 overnight rating, up 83% YOY. The telecast was the highest rated 1st round of the Championship since '10. Digitally, live streaming across platforms was up 106% YOY.

Programming: **Fox Sports** has its eyes on electric car racing: It signed a multi-year, international multi-media deal with the **FIA Formula E Championship**, the 1st fully-electric car racing series beginning in Sept next year. The contract covers various Fox nets, including **Fox Sports 1**, to be launched Sat. It includes exclusive and non-exclusive online and mobile rights. Aiming to promote interest and investment in electric vehicles and sustainable motoring, 10 teams will compete in 1 hour races using Formula cars that can reach speeds of more than 220kph with 0 emissions.

CableFAX Week in Review

Company	Ticker	8/09 Close	1-Week % Chg	YTD %Chg
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BROADCASTERS/DBS/MMDS

DIRECTV:	DTV	62.29	1.43%	24.18%
DISH:	DISH	45.64	0.93%	25.38%
DISNEY:	DIS	64.73	(2.68%)	30.01%
GE:	GE	24.25	(1.82%)	15.53%
NEWS CORP:	FOXA	32.77	3.93%	0.00%

MSOS

CABLEVISION:	CVC	19.61	0.00%	31.26%
CHARTER:	CHTR	128.27	(4.28%)	68.25%
COMCAST:	CMCSA	44.62	(2.41%)	19.43%
COMCAST SPCL:	CMCSK	43.02	(1.69%)	19.77%
GCI:	GNCMA	9.57	9.00%	(0.21%)
LIBERTY GLOBAL:	LBTYA	79.15	0.29%	25.71%
LIBERTY INT:	LINTA	23.57	(4.96%)	19.77%
SHAW COMM:	SJR	25.07	0.72%	9.09%
TIME WARNER CABLE:	TWC	115.00	(1.79%)	18.32%
WASH POST:	WPO	584.97	4.47%	60.17%

PROGRAMMING

AMC NETWORKS:	AMCX	65.48	(5.72%)	32.28%
CBS:	CBS	53.55	(1.8%)	40.74%
CROWN:	CRWN	3.05	9.71%	64.86%
DISCOVERY:	DISCA	83.13	1.14%	30.95%
GRUPO TELEVISIA:	TV	28.81	3.52%	8.39%
HSN:	HSNI	60.48	(4%)	9.80%
INTERACTIVE CORP:	IACI	50.40	1.37%	6.69%
LIONSGATE:	LGF	33.93	0.68%	106.89%
SCRIPPS INT:	SNI	75.35	3.25%	30.09%
STARZ:	STRZA	24.32	(1.86%)	0.00%
TIME WARNER:	TWX	63.40	(1.38%)	32.55%
VALUEVISION:	VVTV	5.93	(2.31%)	229.44%
VIACOM:	VIA	80.44	0.83%	48.22%
WWE:	WWE	10.20	(5.9%)	29.28%

TECHNOLOGY

ADDVANTAGE:	AEY	2.55	0.39%	28.14%
ALCATEL LUCENT:	ALU	2.70	27.36%	94.24%
AMDOCS:	DOX	38.15	(1.34%)	12.24%
AMPHENOL:	APH	77.57	(1.92%)	19.89%
AOL:	AOL	37.53	4.86%	26.75%
APPLE:	AAPL	454.45	(1.75%)	(14.6%)
ARRIS GROUP:	ARRS	16.47	8.07%	10.24%
AVID TECH:	AVID	5.76	(0.52%)	(24.01%)
BLNDER TONGUE:	BDR	1.04	7.22%	(9.57%)
BROADCOM:	BRCM	26.06	(3.09%)	(21.53%)
CISCO:	CSCO	26.05	(0.52%)	32.59%
CONCURRENT:	CCUR	7.81	(4.99%)	36.06%
CONVERGYS:	CVG	19.42	(0.05%)	18.34%
CSG SYSTEMS:	CSGS	25.33	5.37%	39.33%
EHOSTAR:	SATS	43.71	7.55%	27.73%
GOOGLE:	GOOG	890.41	(1.78%)	25.87%
HARMONIC:	HLIT	7.89	1.41%	55.62%
INTEL:	INTC	22.51	(3.22%)	9.17%
JDSU:	JDSU	14.67	(2.78%)	8.67%
LEVEL 3:	LVT	22.72	1.75%	(1.69%)
MICROSOFT:	MSFT	32.70	2.54%	22.43%
RENTRAK:	RENT	24.58	14.75%	26.12%

Company	Ticker	8/09 Close	1-Week % Chg	YTD %Chg
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SEACHANGE:	SEAC	11.44	(6.38%)	18.30%
SONY:	SNE	20.15	(6.8%)	79.91%
SPRINT NEXTEL:	S	7.25	8.70%	27.87%
TIVO:	TIVO	10.92	(0.27%)	(11.29%)
UNIVERSAL ELEC:	UEIC	32.52	5.72%	68.06%
VONAGE:	VG	3.25	1.56%	37.13%
YAHOO:	YHOO	27.68	0.11%	39.10%

TELCOS

AT&T:	T	34.80	(2.71%)	3.23%
VERIZON:	VZ	49.32	(1.85%)	13.98%

MARKET INDICES

DOW:	DJI	15425.51	(1.49%)	17.71%
NASDAQ:	IXIC	3660.11	(0.8%)	21.22%
S&P 500:	GSPC	1691.42	(1.07%)	18.60%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. ALCATEL LUCENT:	2.70	27.36%
2. RENTRAK:	24.58	14.75%
3. CROWN:	3.05	9.71%
4. GCI:	9.57	9.00%
5. SPRINT NEXTEL:	7.25	8.70%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. SONY:	20.15	(6.8%)
2. SEACHANGE:	11.44	(6.38%)
3. WWE:	10.20	(5.9%)
4. AMC NETWORKS:	65.48	(5.72%)
5. CONCURRENT:	7.81	(4.99%)

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