

# CableFAX Daily™

Thursday — August 19, 2010

What the Industry Reads First

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## Retrans Dance: DirecTV Doing Battle, While MVPDs Hang Hopes on FCC

As distributors continue to wait and hope that the **FCC** takes action on their petition for changes to retrans, skirmishes continue to pop up here and there. Like the one **DirecTV** is facing with the **News-Press & Gazette**, which includes **KRDO-ABC** in Colorado Springs/Pueblo, CO; **KVIA-ABC** in El Paso, TX; **KESQ-ABC**, **KDFX-FOX** and **KUNA-Telemundo** in Palm Springs; and **KIFI-ABC** in Idaho Falls, ID. DirecTV stands to lose the stations Mon around 12pm or 1pm local time if a new deal isn't hammered out (the current deal is an extension). Some of the stations' Websites warn viewers that negotiations are currently at an impasse. KIFI's site also directs folks to **NAB's** brand-spanning new site **KeepMyTV.org**, which extols the beauty of broadcast. KIFI repeats a familiar refrain—that it's seeking "very moderate compensation." It also says DirecTV has rejected its offer to carry its additional digital channels, **CW**, **Telemundo** and **LocalNews8 Now**, at no additional charge. DirecTV said it intends to continue to provide the stations to customers while talks continue unless NPG demands they be taken down. "We believe it's unfair for News-Press to put viewers in the middle of a contract dispute by threatening to take away their programming and it is our sincere hope they don't follow through on that threat," said **Dan Hartman**, sr evp, programming for DirecTV. DirecTV joined **Time Warner Cable**, **Cablevision**, **ACA**, **Public Knowledge** and others in petitioning the **FCC** in March to consider arbitration in such disputes and forcing continued carriage of a broadcasters' signal during talks. The Commission sought comment on the petition, which were due back in May, but there hasn't been any action since then. Those on both sides continue to file comments intermittently, with broadcasters pushing for nothing more than changes in notification of upcoming contract expirations, and distributors bashing that idea and instead asking the FCC to open an NPRM re-examining retrans rules. One of the most recent filings is from petitioner **Mediacom**, which points to a letter signed by a bipartisan group of 13 members of Congress urging an NPRM. The letter represents only a small sample of political leaders that have expressed concern in recent years, Mediacom said, forwarding 7 letters from its '06-'07 epic fight with Sinclair and another 7 from lawmakers such as Rep **Ed Markey** (D-MA) from its dispute with **Sinclair** this past Dec. "We urge you to consider them along with other, more recent correspondence from Congress as an indication of the interest among elected officials..." Mediacom's counsel wrote.

**At the Portals:** Missing the glut of **Comcast-NBCU** stories? They are coming. **ACA** finally reveals its proposed conditions on the proposed transaction Thurs. And Wed, Comcast fired back at **Allbritton's** criticisms of the deal, claiming that the broadcaster is trying to use the proceeding to extract concessions from Comcast for carriage of the DC area **NewsChannel 8** a year and a half before the contract expires. Allbritton has said Comcast is insistent on packaging the 24/7 news channel with broadcast retrans consent in far off markets, thus exposing an intent to devalue the channel. Not true, Comcast responded, adding that it has previously negotiated carriage of the 24/7 news channel in connection with agreements of retrans consent for local Allbritton stations in 6 markets, with the compensation in these deals expressed as a fee for NewsChannel 8. The MSO is claiming that Allbritton is trying to have double the cake by extracting a fee for

**CableFAX**  
THE MAGAZINE

## Most Influential Minorities in Cable

Celebrate Diversity Week! This issue profiles CableFAX's most influential minorities in cable and the winners of NAMIC's EMMA Awards (Excellence in Multicultural Marketing Awards) and the Top 10 Places to Work in Cable.

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NewsChannel 8 that “indisputably includes the value of retrans consent for Allbritton’s broadcast stations,” but then leaves Comcast and its subs “vulnerable to paying again” when those retrans deals are separately negotiated.

**Competition:** Verizon said it plans to allow FiOS TV subs to watch live TV on their iPads beginning next year. Powered through home WiFi networks, the app will follow the telco’s VOD service for mobile phones slated to launch in 4Q.

**Carriage:** Comcast will expand Outdoor Channel’s southern CO footprint next week by moving the channel to its Digital Preferred tier from a sports tier. The net is also available in the area in HD.

**Marketing/Advertising:** Hallmark Channel launched the largest campaign in its history timed to the launch of “The Martha Stewart Show,” Sept 13, 10am. The centerpiece is the “Make the Move with Martha” concept that encourages Stewart’s audience to tune into the new block of lifestyle programming from Martha Stewart Living Omnimedia that will air 10am-6pm, Mon-Fri. Programming also includes “Mad Hungry with Lucinda Scala Quinn” and “Whatever with Alexis and Jennifer.” The cross-platform effort includes national paid media, sweepstakes, street team branding and local ad sales cross-channel promos as well as in-store signage in Macy’s and PetSmart around Martha Stewart products. -- TLC.com launched with Volkswagen of America an online partnership whereby the carmaker will be the premier sponsor of family travel content on the site (and HowStuffWorks.com) and feature an original Webisode series titled “The Great Getaway,” featuring a family’s road trip in a Routan minivan. -- Comcast Interactive Capital-backed TidalTV inked a strategic partnership with ShortTail Media to help online publishers bring online video ad capabilities to their Websites by combining Tidal’s monetization tools with Short’s platform allowing a video ad to appear in front of any type of Web page.

**Programming:** Spike received from Lionsgate the rights to the 1st free TV window (Apr ’13) for feature film “The Expendables.” -- New USA series “Facing Kate” (Jan) chronicles a disenchanting litigator’s career change to mediation. -- CBS College Sports announced plans to air 43 college football games this season, including from the Mountain West Conference and Conference USA, and will also debut “CBS College Sports’ Lineup” and “College Football Confidential.” -- Investigation Discovery’s “ID Investigates: Why Is Bin Laden Alive” (Sept 12) examines popular conspiracy theories surrounding the terrorist’s disappearance. -- TV Land’s celebration of the 50th anniversary of “The Andy Griffith Show” features a vote by viewers of their favorite eps of the series and culminates in a top 50 countdown from Sept 25-26. -- New to Oxygen this fall will be docu-series “House of Glam” (Nov 3), featuring image agency B Lynn Group, and “Running Russell Simmons” (Nov 2), spotlighting the team behind the entrepreneur. -- E!’s “What’s Eating You” (Oct 13) looks at the frightening world of eating disorders. -- Vanilla Ice shows off his home renovation prowess in DIY Net’s “The Vanilla Ice Project” (Oct 14).

**People:** Comcast named Jeff Freyer vp, biz services in MI. -- Gary Traver exited his post as Comcast Media Center svp and COO, reports Light Reading, with a spokesperson saying it was a mutually agreed upon decision. -- Walker Jacobs was upped to evp, Turner/SI Digital Ad Sales. -- HBO promoted Melissa Roper Barnett to svp, networks business affairs.

**Obit:** Services will be held for lobbyist Bill Phillips Fri, 11am at Our Lady of Mercy Parish in Potomac, MD, with a reception following at the Bethesda Country Club. Phillips, who had lobbied for cable over the years and was a former aide to ex-Sen Ted Stevens (R-AK), passed away last week in the Alaskan plane crash that also killed Stevens, GCI exec Dana Tindall and her daughter Corey and pilot Terry Smith. In lieu of flowers, the family requests donations be made to the College Athlete Emergency Assistance Fund c/o Utrecht & Phillips or to Stanford Football Family Emergency Fund c/o Matt

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# BUSINESS & FINANCE

Doyle (Stanford Univ. 641 East Campus Dr, Stanford, CA 94305).

**Earnings:** Shares of **ValueVision Media/ShopNBC** shot upward 39.75% Wed after solid 2Q operating results. Net sales rose 6% to \$126.2mln, a net loss of \$7.7mln compared favorably to -\$8.2mln a year ago, distribution increased by 2mln homes and net shipped units surged 21.9% to 1.20mln. But 1 major question remains: what will **NBCU** do now? The co owns approx 6.45mln shares of **VVTV** and reversed in June its intention to sell that stake, citing “prevailing prices” as the reason for its course change. The stake appreciated by approx \$4.13mln Wed.

**Business/Finance:** **LightSquared** triggered the 1st phase of its agreement with **Inmarsat** to increase the continuous spectrum available to both parties and enhance the operational flexibility of its planned 4G/LTE terrestrial and satellite network slated for launch late next year. Also, venture head **Harbinger Capital Partners** sold all of its **Clearwire** shares and trimmed its stake in **Sprint**. -- **Windstream** agreed to acquire the regional fiber transport and local phone ops of **Q-com** and assume its debt for approx \$782mln. **Q-com** subsidiary **KY Data Link** provides fiber services in 22 states. **S&P** maintained its ‘buy’ rating on **WIN** shares on expectations of cost synergies and rev gains from mid-size businesses and cell backhaul.

## CableFAX Daily Stockwatch

Company	08/18 Close	1-Day Ch	Company	08/18 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	38.45	(0.34)	AVID TECH:	11.91	(0.04)
DISH:	18.12	0.12	BIGBAND:	2.76	0.03
DISNEY:	33.91	0.15	BLNDER TONGUE:	2.03	(0.11)
GE:	15.70	0.12	BROADCOM:	32.98	0.56
NEWS CORP:	14.69	(0.03)	CISCO:	22.41	0.36
<b>MSOS</b>					
CABLEVISION:	26.16	0.36	CLEARWIRE:	6.62	0.04
COMCAST:	18.11	0.35	COMMSCOPE:	20.40	(0.02)
COMCAST SPCL:	17.04	0.32	CONCURRENT:	5.36	0.25
GCI:	8.37	(0.07)	CONVERGYS:	10.36	0.22
KNOLOGY:	13.00	0.25	CSG SYSTEMS:	18.01	0.00
LIBERTY CAPITAL:	47.79	1.97	ECHOSTAR:	19.30	0.36
LIBERTY GLOBAL:	28.55	0.49	GOOGLE:	482.15	(8.37)
LIBERTY INT:	10.80	0.02	HARMONIC:	6.20	0.04
MEDIACOM:	6.84	(0.13)	INTEL:	19.59	0.06
RCN:	14.90	0.00	JDSU:	10.47	0.15
SHAW COMM:	20.47	0.01	LEVEL 3:	1.08	(0.03)
TIME WARNER CABLE:	56.12	0.59	MICROSOFT:	24.82	0.11
VIRGIN MEDIA:	20.82	0.17	MOTOROLA:	7.79	(0.01)
WASH POST:	338.11	10.48	RENTRAK:	24.13	0.24
<b>PROGRAMMING</b>					
CBS:	14.20	0.06	SEACHANGE:	8.30	0.18
CROWN:	2.21	0.01	SONY:	29.88	(0.15)
DISCOVERY:	38.04	0.29	SPRINT NEXTEL:	4.47	(0.02)
GRUPO TELEVISA:	19.27	0.03	THOMAS & BETTS:	38.14	0.13
HSN:	28.40	0.65	TIVO:	8.68	0.16
INTERACTIVE CORP:	23.95	0.01	TOLLGRADE:	6.84	0.14
LIBERTY STARZ:	59.39	(0.56)	UNIVERSAL ELEC:	17.96	(0.11)
LIONSGATE:	6.41	(0.06)	VONAGE:	2.11	(0.08)
LODGENET:	2.65	(0.02)	YAHOO:	13.99	0.05
NEW FRONTIER:	1.41	(0.05)	<b>TELCOS</b>		
OUTDOOR:	5.42	0.11	AT&T:	27.28	0.31
PLAYBOY:	5.06	0.07	QWEST:	5.66	(0.04)
SCRIPPS INT:	42.54	0.02	VERIZON:	30.15	(0.02)
TIME WARNER:	31.40	0.43	<b>MARKET INDICES</b>		
VALUEVISION:	2.25	0.64	DOW:	10415.54	9.69
VIACOM:	37.21	(0.06)	NASDAQ:	2215.70	6.26
WWE:	14.29	0.25	<b>TECHNOLOGY</b>		
<b>ADC:</b> 12.67 0.05					
<b>ADVANTAGE:</b> 3.27 0.14					
<b>ALCATEL LUCENT:</b> 2.76 (0.02)					
<b>AMDOCS:</b> 26.79 0.13					
<b>AMPHENOL:</b> 42.34 0.01					
<b>AOL:</b> 22.05 (0.17)					
<b>APPLE:</b> 253.07 1.10					
<b>ARRIS GROUP:</b> 8.98 (0.03)					

## CableFAX's Top Case Studies in Cable Marketing & PR Guidebook

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## Think about that for a minute...

### “Cable” Channels

A good friend of mine who happens to be the “proprietor” of the leading publication in the DBS business was complaining the other day about announcers on various programs saying that “...all the popular cable channels” were available. Why, he asked, should they be called “cable channels” since they are distributed by satellite as well?

Needless to say I shot him a note pointing out that there are very good reasons to call them “cable channels.”

After all, it was the cable industry that made it possible for those channels to exist. It was the cable industry that spawned all of the new creativity that has now resulted in most homes watching the “cable channels” rather than anything else. Viewing of primetime programming, on an hourly basis, shows that the “cable channels” are watched for 7.7 hours a week while the broadcast



Steve Effros

channels have dropped to 5.3. Looking at total weekly viewing hours, the numbers are even more impressive: “cable” gets viewed on average for 34.8 hours while broadcast garners 19.1 (these are '09-10 numbers).

The Broadcast primetime ratings have gone down about 33% in the last ten years, while the “cable channel” ratings have gone up 37%! As for household “share,” the crossover from broadcast to cable channel viewing took place back in 2003, and now over 58% of the share of households watching television watch a “cable channel” while broadcast channels hover around 39%.

That’s quite a story for the “cable channels,” and they are called that because it’s clear they were created and nurtured by the cable television industry. To be sure, they’re watched today on cable, satellite, and even over the Internet. But there’s no confusion as to who was responsible for their development.

Now of course that’s both good and bad, since the “Main-

stream Media” loves to deride things like “cable news,” as though there is some significant journalistic difference. Yes, because there are more channels you get more variation, hence an MSNBC/CNN/FOX loud “spin.” But to suggest that there weren’t programs on broadcast television, or “yellow journalism” newspapers that did similar things is to forget history. “Crossfire” after all, started as a radio program in 1978 on an NBC affiliate here in Washington, DC. The McLaughlin Group, which President Ronald Reagan described as a “...political version of Animal House,” was a broadcast syndicated program.

And while on that point, it should be noted that even today, studies reported by a Professor of Science Education from California State University indicate that the “gold standard” used to justify the “must carry” rules, local broadcast news, is actually 30% advertising! “Crime, disaster and war” take up another 53.8% of the “local broadcast news” budget. It seems to me “cable news,” like the term “cable channels” in general, is one we shouldn’t shy away from!

This doesn’t mean that I like all the things put on all the channels. But that’s the point of cable and the broadband capability we have also nurtured: you can find the quality you want.

In my note to my friend about the use of the term “cable channels,” I pointed out that *The New York Times* and *The Wall Street Journal* are both still described as “news-papers,” and proud of it. That’s so even though both are increasingly migrating to web distribution. They always will be considered “newspapers.” That’s where they came from. The same is true with “cable channels,” from CNN to C-SPAN, Discovery to National Geographic, they are all “cable channels,” and we should be darn proud of that fact.

Steve

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