

# CableFAX Daily™

Friday — September 7, 2012

What the Industry Reads First

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## Rural Rumbings: FCC's Pai Seeks 'Maximum Incentives' for Broadband

Just like Dorothy, you can go back home. Even if you're an FCC commissioner. Republican commish *Ajit Pai* continued touring his home state of KS Thurs, spending the morning in Oswego for the FCC's Rural Broadband Roundtable. He grew up in Parsons, about 20 miles away. "When rural issues cross my desk at the Commission, they aren't just abstractions to me," he said in his opening remarks. **CableFAX** spoke with him by phone Thurs to gauge his views on how the Commission can help facilitate cable's broadband rollout to rural areas. "One of the challenges, especially in rural areas, is that there is always a need for more—more broadband, more bandwidth, more functionality. Given the nature of rural areas it's not always technological or profitable for companies to provide that connectivity," he said. "One of the things I have been hoping to learn is ways the FCC can set out a regulatory environment that gives the private sector the maximum incentives to deploy and improve infrastructure in rural areas, especially on the cable side. Some of the comments we've put out there have focused on minimizing the regulatory burdens on cable providers, in particular smaller ... If there are things the commission can do, big and small, to allow that deployment and improvement to happen, that's something that's going to be a big priority for us." Striking a balance that encourages cable participation has been an ongoing issue. Cable sat out the **NTIA** and **RUS'** \$7.2bln broadband stimulus program, with **ACA** arguing that the rules gave certain segments of the telecom industry an advantage over small cable ops (ie, applicants who had borrowed funds under Title II of the Rural Electric Act, which are mostly traditional phone companies, got automatic points in the process). Now cable's eyeing the FCC's USF overhaul, agreeing that the current contribution method is flawed, but that there is no easy, immediate answer. **NCTA** has expressed concerns about losing a chunk of ISP revenues, which it argued could hurt the low-cost broadband **Connect2Compete** initiative. While in KS, Pai visited **Google's** fiber project (*Cfax*, 9/6). He said he's curious to see how many people sign up for the service when Google's sign-up window closes in a few days. Google is using a "Fiberhoods" model, under which it will build out service when an area hits a certain number of pre-registrations. Internet plus Google Fiber TV will cost \$120/month, while the Gigabit Internet service is \$70/month. For a one-time \$300 construction fee, residents can get Internet of up to 5Mbps down/1Mbps up for at least 7 years. "We'll have the ability to look at that data and make some judgments on what consumers are looking for in terms of high-speed, and what they're willing to pay for it," Pai said. We couldn't hang up

**DOCTOR WHO**  
SEASON PREMIERE

#1 cable show in its time period! 1.56 million total viewers

ALL NEW EPISODES  
SATURDAYS 9/8C

**BBC**  
AMERICA

Source: Nielsen Media Research, Live+SD, AA Delivery, 9/1/2012, Ss 9P-10P, P25-54 rank vs. English ad-supported cable nets, excluding sports. Total viewers: P2+.

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on Pai without probing him on the exclusivity programming ban that is set to expire next month. Unfortunately, he didn't offer any insight on what will happen. "I haven't been privy to anything the chmn's office or Bureau is preparing, but if and when they circulate something, we'll certainly dig into it... and figure out whether exclusivity should be preserved or relaxed."

**5Qs with Cablevision's Kristin Dolan:** *With Cablevision unveiling its first branding campaign in nearly 10 years, we snagged Kristin Dolan, sr evp product management and marketing, for some more thoughts on the initiative. The initial TV ads for Cablevision's rebrand begin running in the NY area Fri and will continue for several weeks. A 2nd series of spots debut later this year. The company's new logo and design program will be implemented across all customer-facing platforms and executions, including field trucks and uniforms. The new logo is simplified and meant to convey Cablevision's message of making things easier for customers. Describe the messaging/outreach for customers with this rebrand and your goals.* The goal is really to build a new relationship with our customers and clearly establish a tone of voice and a new way of relating to each other. Our research shows that people have neutral feelings about Optimum, and this is an attempt to move from neutral to liked. We want people to feel like this is a brand and a company they can engage with in a positive way. The primary theme of the brand work is honest connections, and that's reflected in this initial wave of creative. Honest is who we are, and connections are what we provide to our customers, what we enable. **There have been several personnel changes, including Jonathan Hargis' departure and Matt Lake's hiring on the marketing side. Should we read those as being part of an alignment of people who are part of this new vision for Cablevision?** As we've said over the last several months, we're reinventing the company, and that doesn't just include our branding, it encompasses everything—development initiatives, employee relations and education, attention to the plant and work in other areas. The time is right for the introduction of this new Optimum brand because the progress on the underlying work is coming to fruition. I've said in internal meetings that this isn't just about a new layer of frosting on the same cake; it's a new cake. That applies to everything. **Does the upcoming Onyx guide fit into this campaign at some point?** Onyx absolutely fits here. It's the culmination of more than 3 years of development work, and it delivers on the promise of putting customers first, making things simpler, allowing better and easier navigation around our core video product. It's important to realize that this is just the 1st round of creative, which is part of a long-term, high-level branding effort that will continue for years. It will flow through specific product advertising, a presence in social media, and more specific communications with customers. Later this year, we will see a second round of spots that are very much focused on specific advantages of Optimum TV, phone and Internet. In this initial round of creative, our products are not mentioned specifically at all. **Where does Optimum West fit into all this?** We're still in the process of fully rolling out Optimum products in the former Bresnan markets, so there isn't complete parity between our East and West service areas yet in our product offering. But the values expressed in this advertising and the way we are relating to our customers absolutely applies, and will be consistent across our entire customer base. **Cablevision has been through some high profile programming spats, and your currently in one with Tribune... how do you reassure customers during these standoffs?** The reality is that these disputes are becoming more common and frequent in our industry. Consistent with the brand and the theme of honest connections, we will communicate with our customers honestly when we find ourselves in one of these unfortunate situations. We will always do our best to make sure customers aren't disrupted, but there are times when we need to negotiate on their behalf, and the best we can do is tell them the truth about that. We're fighting hard to hold the line on rates, and that sometimes causes friction.

**Ratings:** Football or politics? The **NFL** on **NBC** averaged 23.9mln viewers Wed night, while the combined telecast of Night 2 of the DNC on cable and broadcast snagged 25.1mln, according to **Nielsen** figures. **ABC** had the most total viewers for the 10pm hour (4.6mln) followed by **CBS** (4.4mln) and **MSNBC** (4.4mln), **CNN** (4.1mln) and **Fox News** (3.1mln).

**Googlism:** "Google never says no and never says yes." That's how Google svp/chief biz officer *Nikesh Arora* ducked a few questions on regulatory and business trends at the **Citi** Technology Conference Thurs. He did share his take on the **Motorola** acquisition, saying the deal was to gain a foothold in hardware. "It also gave us [a] patent portfolio," he said. Since the acquisition, which closed in May, the company has put in a new mgmt team and streamlined the unit, he noted. It might take a while for new strategies to impact the product cycle but "so far signs are good," he said. When it comes to video, the exec said the trend is "all of your TVs will have broadband connections." Much like the mobile device business, the OEMs would try to build their own operating system for connected TVs, so it will be good to have a more unified operating system ecosystem, according to Arora. Meanwhile, "people still struggle to move content from PC to TV," he

# BUSINESS & FINANCE

said. However, when it happens, the inventory for advertisers to address will be significantly expanded, he said. As for Google, the company wants to develop a full line of media across platforms for advertisers. Separately, the company announced a multi-year deal for **NFL Net** and **NFL RedZone** on **Google Fiber TV**. Just a little more pressure for **Time Warner Cable**, which operates in Google's Kansas City fiberhood...

**Earnings:** Partly due to weaker sales, **SeaChange** swung to a loss of \$6.8mln vs a small profit of \$777K a year ago. "We continue to reduce our overall sales, general and administrative costs and manufacturing costs and further streamline our organization," CEO *Raghu Rau* said. The firm saw lower gross margin in its gateway product line due to the addition of headcount, primarily from the **Flashlight Consulting** acquisition. In June, SeaChange bought Flashlight, which specializes in developing software for digital TVs and set-tops. Overall, the firm posted revenue of \$36.7mln, down 4.4% YOY. The financial results reflected the impact of the sale of both broadcast servers and storage and media services businesses in May and included non-recurring charges. Going forward, the company, which recently announced 2 major US MSOs had deployed its Adrenalin video back office system, expects to post \$37mln-\$40mln in rev in 3Q with full-year rev at \$152mln-\$158mln.

## CableFAX Daily Stockwatch

Company	09/06 Close	1-Day Ch	Company	09/06 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	53.26	0.40	CONCURRENT:	4.15	0.11
DISH:	32.59	0.24	CONVERGYS:	15.84	UNCH
DISNEY:	51.86	1.07	CSG SYSTEMS:	21.80	0.18
GE:	21.31	0.66	ECHOSTAR:	29.74	0.75
NEWS CORP:	24.66	0.78	GOOGLE:	699.40	18.68
<b>MSOS</b>					
CABLEVISION:	15.44	0.33	HARMONIC:	4.70	0.12
CHARTER:	79.28	1.12	INTEL:	25.09	0.70
COMCAST:	34.65	0.94	JDSU:	11.79	0.61
COMCAST SPCL:	33.73	0.76	LEVEL 3:	22.13	0.41
GCI:	9.49	0.20	MICROSOFT:	31.34	0.95
LIBERTY GLOBAL:	56.97	0.68	RENTRAK:	17.46	0.22
LIBERTY INT:	19.27	0.60	SEACHANGE:	8.13	(0.47)
SHAW COMM:	20.68	0.40	SONY:	11.23	0.16
TIME WARNER CABLE:	90.66	1.29	SPRINT NEXTEL:	4.96	0.01
VIRGIN MEDIA:	28.72	1.01	TIVO:	9.74	0.36
WASH POST:	353.29	4.69	UNIVERSAL ELEC:	15.45	(0.21)
<b>PROGRAMMING</b>					
AMC NETWORKS:	40.62	0.85	VONAGE:	2.25	0.08
CBS:	36.71	1.27	YAHOO:	15.11	0.02
CROWN:	1.72	0.01	<b>TELCOS</b>		
DISCOVERY:	56.19	0.94	AT&T:	37.44	0.51
GRUPO TELEVISA:	23.39	0.23	VERIZON:	44.15	0.35
HSN:	46.55	1.22	<b>MARKET INDICES</b>		
INTERACTIVE CORP:	52.06	0.58	DOW:	13292.00	244.52
LIONSGATE:	15.61	0.36	NASDAQ:	3135.81	66.54
LODGENET:	0.39	0.03	S&P 500:	1432.12	28.68
NEW FRONTIER:	1.48	(0.03)	<b>TECHNOLOGY</b>		
OUTDOOR:	7.05	0.12	ADVANTAGE:	2.17	(0.09)
SCRIPPS INT:	60.66	0.54	ALCATEL LUCENT:	1.11	0.04
TIME WARNER:	43.22	0.97	AMDOCS:	32.96	0.70
VALUEVISION:	1.84	(0.07)	AMPHENOL:	61.75	1.37
VIACOM:	50.60	0.75	AOL:	33.77	0.02
WWE:	8.80	0.08	APPLE:	676.27	6.04
<b>MARKET INDICES</b>					
			ARRIS GROUP:	13.86	0.33
			AVID TECH:	9.62	0.21
			BLNDER TONGUE:	1.05	0.05
			BROADCOM:	36.12	1.19
			CISCO:	19.73	0.82
			CLEARWIRE:	1.65	0.04

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# PROGRAMMER'S PAGE

## More Sagal, Please...

We've said it before, but FX's "Sons of Anarchy" is one of the best dramas on cable—and perhaps one of the most neglected by its peers. The fact that after 4 seasons of incredible characters, stories and performances this show hasn't been nominated for an Emmy is so ridiculous that it just makes you wonder whether the screeners got lost in the mail (*Kelsey Grammer*, whose acclaimed dramatic turn on Starz's "Boss" also has failed to garner Emmy recognition, knows the feeling). In terms of acting, Sons has been a tour de force, with appropriately gritty performances by veterans like *Ron Perlman*, relative newcomers like *Charlie Hunnam* and even character actors like *Wayne Unser*, whose range defies belief at times. But *Katey Sagal's* dramatic mastery as Gemma has been perhaps the most surprising to audiences, who knew her best for her comedic chops in shows like "Married with Children" and later "Futurama." But make no mistake: This biker chick can act. And her mix of dark menace and paternal love has wowed critics and audiences everywhere. That's why it was so intriguing on Thurs to hear that Sagal will executive produce a new half-hour comedy called "Diva. Clown. Killer" in development at FX—and that she might even star in it if she's available. Consider that her husband *Kurt Sutter*—a genius in his own right who paid his dues as a writer at "The Shield" before creating and showrunning Sons—is also the guy behind Diva. He's the one who controls Gemma's fate on Sons, so if he wants to make Sagal available for his new comedy, which centers on an '80s washed-up rock diva, he can make that happen with the stroke of a pen. While Sons fans would likely mourn any untimely demise for Gemma (and Kurt might have to sleep on the couch a while), the upside would be a chance to see Sagal flex those comedic muscles again. It's rare to find an actress who can do it all. But it happens. And Sagal is living proof. *MG*

**Reviews:** "Bomb Girls," miniseries premiere, Tues, 10p, **Reelz**. Plucky Reelz deserves credit for recent originals, including spy series "XIII" and this interesting period piece about spirited women (and a few men) employed in a WWII munitions factory. Where "Girls" thrives is in its ability to mix drama with history, never relegating WWII to mere backdrop. It reaches beyond its grasp, and several characters are stereotypes, but it entertains and educates, no easy feat. It's also a good warm-up for **PBS's** "Call the Midwife" (premieres Sept 30), an excellent mix of drama and post-WWII history. -- "Breaking Amish," premiere, Sun, 10p, **TLC**. Ep 1 of this reality series provides a rare look at Amish and Mennonite culture as young adults struggle with leaving their lives for 'decadent' NYC. Seeing how these people react to the Big Apple, the antithesis of their former culture, should be interesting viewing. -- "The Crimson Petal and the White," M, T, 8p, **Encore**. A Victorian epic in the best sense, this excellently filmed story of exclusive prostitution, seduction and class struggle earned two '12 BAFTA noms, for best miniseries and best actress (*Romola Garai*). Yanks might recognize "X-Files" co-star *Gillian Anderson*. -- "Deadly Affairs," premiere, Sat, 10p, **ID**. What a hoot! *Susan Lucci* narrates tales of love and murder with hilarious sarcasm and innuendo.

### Basic Cable Rankings

(9/07/12-9/07/12)

Mon-Sun Prime

1	FOXN	2.7	2625
2	USA	2.0	1983
2	ESPN	2.0	1968
4	DSNY	1.6	1561
5	HIST	1.5	1457
6	TNT	1.3	1298
6	TBSC	1.3	1242
8	A&E	1.2	1222
9	HGTV	1.1	1060
10	ADSM	1.0	953
11	TLC	0.9	906
11	FOOD	0.9	883
11	LIFE	0.9	861
11	MSNB	0.9	850
11	TRU	0.9	836
11	AMC	0.9	791
11	NKJR	0.9	646
11	DSE	0.9	73
19	ESP2	0.8	824
19	SYFY	0.8	815
19	FAM	0.8	784
19	FX	0.8	754
19	NAN	0.8	746
24	CNN	0.7	702
24	DISC	0.7	684
24	TVLD	0.7	653
24	SPK	0.7	649
24	ID	0.7	585
24	NFLN	0.7	439
30	VH1	0.6	612
30	TWC	0.6	608
30	BET	0.6	580
30	MTV	0.6	577
30	LMN	0.6	546
30	HALL	0.6	482
36	CMDY	0.5	531
36	APL	0.5	499
36	EN	0.5	493
36	BRAV	0.5	482
36	NGC	0.5	388
41	DXD	0.4	306
41	GSN	0.4	303
41	WE	0.4	266
44	HLN	0.3	306
44	TRAV	0.3	295
44	OXYG	0.3	272

\*Nielsen data supplied by ABC/Disney

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#### OTT Musings: Stakeholders Debate Evolving Content Delivery at CES

With the Comcast/Disney distribution deal a harbinger for TV Everywhere and Fox's move last summer to put select content behind a pay wall, panelists mulled the ins and outs of over-the-top delivery at an OTT panel at CES. "The tablet, the device, is going to control the TV experience at U-verse," said Jeff Weber, AT&T VP, product and strategy, noting the company's drive into tablet apps and model of providing APIs for developers to send content from device to television. But discernment is critical, panelists agreed. While AT&T has an approval process in place, YouTube abandoned its API-based partnership model two years ago "because we ended up with different apps on diff TV, and performance differed," said Francisco Valera, dir/global head of platform and games partnerships. Touting YouTube's deals with Samsung, LG and its new Xbox partnership, "If we can't control the app, and update features quickly, it's a lost cause," he said. YouTube's recent in-play model of investment in original content will stretch the company's presence in specific categories such as "niche cooking and unique travel" channels. "We don't see ourselves becoming a large studio, but we're more than dogs on skateboards," Valera quipped. "We want to bring in proven providers of broadcast quality content that's not sustainable in the cable universe." Valera said YouTube is working on its fourth UI, and moving toward the HTML5 standard. Noting that unlike other video distributors YouTube always owns its TV and mobile content rights, "Can we bring our content to an AT&T, Cox or Comcast? We can, and that's where we are excited," he said. Initial deals with distributors are rolling out in Europe and Asia, he said. At Cox, focus remains on the UI. "It's important to get the user interface right, especially as more content is added in," said Lisa Pickett-Simer, executive director, video product development. Integrated search, recommendations and social media will become more key, Pickett-Simer said, noting the bigger role of metadata and the need