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Friday — September 27, 2013

What the Industry Reads First

Volume 24 / No. 188

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## Card Talk: Bill Introduced to Eliminate Set-Top Integration Ban

First, the Hill gives some serious attention to retransmission consent. Now, 2 members have heard cable's age-old complaints about the set-top integration ban. The bill, introduced Thurs by Reps *Bob Latta* (R-OH) and *Gene Green* (D-TX), would do away with **FCC** rules that require boxes deployed after July 1, '07 to feature separable security (generally a CableCARD). While there have been some waivers granted over the years, the rules have largely been applied to the industry, with more than 40mln operator supplied set-tops with CableCARDS installed today. On the flipside, **NCTA** says only about 600K cards are installed in 3rd-party devices. The lawmakers believe the rules are unfair, noting that 1 estimate has the integrated devices costing cable ops and consumers more than \$1bln since '07. "In today's ultra competitive video marketplace, cable operators have no incentive to make it more difficult for their customers to use their preferred devices to access their video programming services," Latta said in a statement. Green called it a "surgical approach" that will preserve FCC authority in the retail set-top market. Don't think that means there won't be objection. Look for **CEA**, **TiVo** and **Public Knowledge** to push back hard against the proposal, raising concerns that eliminating the ban will hurt the development of a retail device market for set-tops. NCTA has said repeatedly that eliminating the ban would not prevent customers who want CableCARDS for use in retail devices from getting them. But opponents are likely to argue that such a move could weaken CableCARD support. TiVo has been especially sensitive to anything it thinks might affect the CableCARD and thus its retail DVRs. It filed a petition in July asking the FCC to reinstate rules vacated by a Jan court decision. Reinstating them would ensure cable content is available on retail devices via cards, TiVo argued. Earlier this month, NCTA, **Verizon** and several major programmers, including **Disney** and **CBS**, opposed TiVo's petition, calling the rules outdated, unnecessary and unfairly aimed at cable. As for Latta and Green's bill, NCTA is obviously supportive, declaring that it will retire an outdated FCC rule that "burdens cable consumers and operators with needless costs, wastes energy and violates principles of competitive neutrality." **ACA** agreed, saying the ban has been especially harmful to small cable ops, who were forced to rely on expensive CableCARD-enabled boxes that were disproportionately more costly than for larger cable ops, while DBS faced no such mandate.

**At the Portals:** The **FCC** affirmed a Media Bureau order directing **Comcast** to place **Bloomberg TV** in news neighborhoods, per the conditions in the Comcast-NBCU Order. Within 60 days, Comcast must carry Bloomberg TV in an SD news neighborhood on each headend in a top 35-DMA that has such a neighborhood. "We agree with the Bureau's decision that four news or business news channels within any five adjacent channel positions qualifies as a news neighborhood, regardless of whether the channel grouping existed before or was created after the Comcast-NBCU Order," the FCC order said. "We reject a challenge from Comcast that the Media Bureau's interpretation of the condition infringes Comcast's First Amendment rights." The item was voted on circulation Wed and pulled off Thurs' open meeting agenda. Comcast said it is evaluating its options. "As it is currently being interpreted, the condition goes well beyond the express



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language of the FCC's Comcast-NBCUniversal Order and what is justified by the evidence in that case. The FCC's interpretation very likely will lead to significant and unwarranted burdens on us, our customers, and other programming networks," the MSO said. Bloomberg didn't get everything it wanted, with the Commission rejecting Bloomberg's argument that if Comcast's channel lineup has more than 1 news neighborhood, the condition obligates Comcast to carry independent news and business news channels in all of those neighborhoods. As far as SD and HD go, if Comcast carries both an SD and HD version of an independent news net, each is treated as a different channel and is independently entitled to carriage in an SD or HD news neighborhood respectively, where an SD or HD news neighborhood exists, the order said. Republican Commish *Ajit Pai* dissented in part, disagreeing with the order's determination that any 4 news channels within 5 adjacent channel positions constitute a news neighborhood. "Instead, I would hold that a cluster of news channels cannot be a news neighborhood unless it has at least 8 or more news channels or an absolute majority of such channels on a system," Pai said. -- Facing a potential government shutdown on Oct 1, the FCC is working closely with the **Office of Management and Budget** to "ensure that proper procedures are followed," acting chairwoman *Mignon Clyburn* said during the Q&A session at the open meeting Thurs. "We will continue to support our staff and keep them informed," Clyburn said. "Unfortunately it's not the first time we have been faced with this... We have a plan that we are familiar with."

**Over-the-Airheads:** Sinclair is snatching up more stations, plunking down \$90mln for 8 owned by **New Age Media** (7 full power, 1 low power). And surprise—it involves shared service agreements. The stations include the **Fox, CW** and **My Network** affils in Wilkes-Barre-Scranton, PA, and the **CBS, NBC** and My Network affils in Gainesville, FL. To comply with **FCC** local television ownership rules, Sinclair expects to sell the license and certain related assets of the CW affil in PA, the NBC station in Gainesville and **WTLH** in Tallahassee (Fox) to **Cunningham Broadcasting**. It also expects to sell **WTLF** (CW) in Tallahassee to **Deerfield Media**. Sinclair will continue to provide sales and other non-programming support services to each of the stations pursuant to customary shared services and joint sales agreements.

**Investor Conference:** The pace of signing up TV service providers, especially mid-tier operators, is above "historical norms" in the US for **TiVo**, CFO *Naveen Chopra* said at the **Goldman Sachs** investor conference Thurs. As a comparison, intl markets haven't lived up to expectations, due to operators' hesitance to invest, he said. Meanwhile, discovery and search functionalities are and will continue to be a critical part of cable's path to better personalization services, he said. The goal is to "make the TV viewing experience a tailored experience." -- *Charlie Ergen* would be happy to hear that a potential **DISH/Sprint Nextel** collaboration is still a possibility. According to the telco's CFO *Joseph Euteneuer*, the company is "still open to look at opportunities" of network sharing. DISH reportedly had talks with Sprint regarding a network sharing deal, before Ergen's failed **Clearwire/Sprint** merger attempt.

**Carriage:** Child development net **BabyFirst** scored a carriage deal with **AT&T U-Verse**. Debuting on the telco's system on Mon, the deal will add more than 3mln homes to the net's footprint, bringing its total reach to about 38mln.

**Advertising:** **FourthWall Media** scored a new US patent for software tech that retrieves and saves all personal TV usage info and creates a viewer profile that resides in the set-top (or any digital device) and can be used for advertising and content delivery. By storing the info in the device, privacy is preserved, according to FourthWall. The tech was designed for use in FourthWall's Ad Widgets interactive ad platform.

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# BUSINESS & FINANCE

**Technology:** To enable cable, satellite and IPTV ops to replicate their TV services via the cloud, **Comcast** unit **thePlatform** launched its Virtual TV Framework. The service provides cloud-based management of linear TV, VOD, enhanced discovery and personalization, targeted advertising, commerce, content protection, and multi-screen user interfaces.

**Ratings:** **ESPN's** 24th season of "Sun Night Baseball" averaged a 1.3 US HH rating, up 8% YOY. It averaged 1,896K viewers P2+, up 6% YOY.

**Programming:** **HBO** renewed "Boardwalk Empire" for a 5th season. It has an avg gross audience of 7.5mln viewers this season. -- Makes sense.

**OWN** snagged TV rights to "Lee Daniels' The Butler," the current **Weinstein** theatrical starring *Forest Whitaker* and *Oprah*. The net has the 1st broadcast window behind pay TV beginning in '17. -- On Oct 27, **A&E** premieres new doc series "The Governor's Wife," which follows 86-year-old former LA Governor *Edwin Edwards* and his 35-year-old wife *Trina Grimes Scott*. -- **AMC Networks'** "The Walking Dead" webisode series returns to the net's website and **YouTube** channel Oct 1 with 3 new installments.

**On the Circuit:** Diversity Week's nearly here, and the list of speakers keeps growing. **MSNBC** host *Alex Wagner* will open **WICT's** Leadership Conference Oct 7, following and introduction and remarks from **Comcast** evp *David Cohen*.

## CableFAX Daily Stockwatch

Company	09/26 Close	1-Day Ch	Company	09/26 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
21ST CENTURY FOX:	33.02	0.35	GOOGLE:	878.17	0.94
DIRECTV:	59.94	0.10	HARMONIC:	7.84	0.02
DISH:	44.44	0.03	INTEL:	23.41	(0.29)
DISNEY:	65.24	0.79	JDSU:	14.65	0.05
GE:	24.25	0.02	LEVEL 3:	26.54	(0.09)
<b>MSOS</b>					
CABLEVISION:	17.12	0.18	MICROSOFT:	32.77	0.27
CHARTER:	135.99	1.98	NIELSEN:	36.52	(0.04)
COMCAST:	44.10	0.85	RENTRAK:	33.02	0.58
COMCAST SPCL:	42.60	0.71	SEACHANGE:	11.83	0.42
GCI:	9.43	0.07	SONY:	21.30	0.19
LIBERTY GLOBAL:	79.42	1.66	SPRINT NEXTEL:	6.30	0.11
LIBERTY INT:	23.96	0.04	TIVO:	12.34	(0.25)
SHAW COMM:	23.38	(0.17)	UNIVERSAL ELEC:	36.39	1.32
TIME WARNER CABLE:	112.14	1.30	VONAGE:	3.13	(0.03)
WASH POST:	603.38	9.88	YAHOO:	32.75	1.41
<b>PROGRAMMING</b>					
AMC NETWORKS:	66.45	0.58	<b>TELCOS</b>		
CBS:	55.56	0.04	AT&T:	34.23	0.18
CROWN:	3.19	0.13	VERIZON:	47.67	0.72
DISCOVERY:	83.99	3.02	<b>MARKET INDICES</b>		
GRUPO TELEVISIA:	28.10	(0.2)	DOW:	15328.30	55.04
HSN:	54.79	0.35	NASDAQ:	3787.43	26.33
INTERACTIVE CORP:	54.69	0.54	S&P 500:	1698.67	5.90
LIONSGATE:	36.04	0.91			
MADISON SQUARE GARDEN:	58.29	0.78			
SCRIPPS INT:	78.27	0.69			
STARZ:	27.84	0.44			
TIME WARNER:	64.87	0.90			
VALUEVISION:	4.29	0.02			
VIACOM:	84.09	0.92			
WWE:	10.12	0.07			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.47	0.01			
ALCATEL LUCENT:	3.64	0.06			
AMDOCS:	37.06	0.07			
AMPHENOL:	77.98	0.19			
AOL:	34.41	(0.45)			
APPLE:	486.22	4.69			
ARRIS GROUP:	17.07	0.18			
AVID TECH:	5.75	0.15			
BROADCOM:	26.37	(0.42)			
CISCO:	23.77	(0.66)			
CONCURRENT:	7.33	(0.07)			
CONVERGYS:	18.67	0.14			
CSG SYSTEMS:	25.05	0.02			
ECHOSTAR:	43.59	(0.54)			

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# PROGRAMMER'S PAGE

## Kenny Powers' Legacy

With HBO's "Eastbound & Down" in its fourth and final season, you can expect more shenanigans from the mullet-bearing, foul-mouthed Kenny Powers—despite his retreat to suburbia sans baseball (see review below). The show has certainly amassed a cult following. Heck, a simple **Google** search turns up a litany of sites dedicated just to Kenny Powers (*Danny McBride*) quotes. But according to HBO execs *Michael Lombardo* and *Richard Plepler* addressing the **Television Critics Association** this past summer, the show was a "slow build" when it came to viewership numbers. "It started slowly. It built sort of exponentially," said Lombardo. In terms of gauging success, amassing the total picture—including on-demand viewing and what the show achieved creatively—is the strategy. "I think it was, for us, one of the first shows where the off-linear viewing was as significant as it was an enormously important aspect of the viewing picture... It's actually not a ratings-challenged show," he said. Plepler added that at HBO "passion engagement" is important. "Of our 30 million subscribers, we're trying to create shows that are passion engagement shows with different pieces of that 30 million. Eastbound? Quintessential passion engagement show for that audience and, I think, delivered for us exactly what we hoped it was going to deliver." Easy for non-ad supported HBO to say, of course. But if the postmortem cult-like popularity of "The Wire" is any indication, certainly from a brand perspective Kenny should be muy bueno for business. The series may be ending, but we can look forward to more McBride on HBO in the future, Lombardo confirmed. "The decision on that show not to go forward—although I think Danny and [co-writer] Jody [Hill] are open to not having the characters go finally into the sunset—was Danny and Jody want to do something new for us."

**Reviews:** "Masters of Sex," series premiere, Sun, 10p, **Showtime**. We thought we knew *Lizzy Caplan* from the funny yet short-lived "Party Down" (**Starz**, 2009-10) and her guest role during the early days of HBO's "True Blood," before the series clotted. We didn't. Caplan dominates in "Masters," an entertaining and edifying series about human sexuality pioneers *Masters and Johnson*. And she does so alongside experienced masters of acting, including *Michael Sheen*, *Beau Bridges* and *Allison Janney*. Paired with "Homeland" (season 3 premiere, Sun, 9p), "Masters" gives Showtime a strong replacement for the now-ended "Dexter." -- "Eastbound & Down," season 4 debut, Sun, 10p, **HBO**. Some series re-invent themselves yearly. That's so with this perennial hoot, which finishes its run with a critique of sports celebrity culture. Can we find characters more obnoxious than Kenny Powers (*Danny McBride*)? We see them daily on sports-talk shows, this series says. -- "Hello, Ladies," premiere, Sun, 10:30p, **HBO**. *Ricky Gervais* 2nd banana *Stephen Merchant* is an unsuccessful ladies man in what seems after 2 eps to be a one-joke romp. Success will depend on character and plot development. -- **Notable:** You'd have to be social media ignorant, avoiding **AMC's** marathon and living under a piece of a fallen airliner in the NM desert to miss that "Breaking Bad" ends its 6-season run Sun, 9p. - *Seth Arenstein*

Basic Cable Rankings (9/16/13-9/22/13)			
Mon-Sun Prime			
1	ESPN	2.5	2483
2	USA	1.8	1788
3	DSNY	1.6	1559
4	TBSC	1.5	1468
4	NFLN	1.5	1052
6	FOXN	1.3	1273
7	HIST	1.2	1221
8	A&E	1.1	1132
8	TNT	1.1	1073
10	HGTV	1.0	1007
10	ADSM	1.0	971
10	TLC	1.0	949
13	FX	0.9	925
13	LIFE	0.9	924
13	AMC	0.9	876
16	DISC	0.8	789
16	SYFY	0.8	785
16	FOOD	0.8	780
16	BRAV	0.8	738
16	DSE	0.8	61
21	FAM	0.7	697
21	NAN	0.7	690
21	SPK	0.7	671
21	ID	0.7	607
21	HALL	0.7	590
26	TVLD	0.6	631
26	CMDY	0.6	631
26	TRU	0.6	557
26	LMN	0.6	494
26	DSJR	0.6	396
31	MSNB	0.5	517
31	MTV	0.5	511
31	BET	0.5	493
31	APL	0.5	453
35	CNN	0.4	432
35	VH1	0.4	422
35	ESP2	0.4	410
35	OWN	0.4	352
35	OXYG	0.4	317
35	NKJR	0.4	272
35	HMC	0.4	188
42	EN	0.3	331
42	TRAV	0.3	312
42	NGC	0.3	290
42	WE	0.3	280
42	HLN	0.3	278

\*Nielsen data supplied by ABC/Disney

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