

# CableFAX Daily™

Thursday — September 29, 2011

What the Industry Reads First

Volume 22 / No. 188

## Week Ahead: The Lowdown on the NY Showdown

With **CTAM** joining **Diversity Week** this year, Hell Week is most assuredly back. As several of the industry's associations prepare to take over NYC next week, we caught up with the folks in charge for some of the highlights. **WICT** kicks things off Mon with its WICT Leadership Conference, with attendance tracking 20% ahead of last year (putting it in the 600-650 range). Its Touchstones Luncheon Mon honoring leaders, including Woman of the Year *Nomi Bergman* of **Bright House**, is on track for more than 700 attendees. "Our sessions are taking an atypical format to make them more conducive to learning and interaction," WICT chief *Maria Brennan* said. One such example is a panel titled "Pearls of Wisdom: The Art of Imagining," in which each speaker will deliver a brief keynote providing succinct stories about their journeys (speakers include *Dan Abrams* and **Food Net's Sunny Anderson**). Much of the conference culminates into Tues' joint town hall meeting with **NAMIC** to talk about employment survey results, Brennan said. That town hall also features a who's who of heavy hitters, including **Comcast** evp *David Cohen*, **Turner** evp *Kelly Regal* and **Time Warner Cable** pres/COO *Rob Marcus*. "We partnered with WICT this year to consolidate our 2 surveys into 1 instrument that went out to the entire industry. We combined the WICT PAR survey along with NAMIC's, which was rebranded as the NAMIC AIM," outgoing NAMIC pres *Kathy Johnson*. "Partnering with WICT is a first." (Each organization will release their own stats from their portions of the survey) Johnson said NAMIC's annual confab—now in its 25th year—is also on track to see a "lift" in attendance this year. Other highlights include a 2010 Census session and a breakfast recognizing the **CableFAX** 2011 Most Influential Minorities in Cable (including an interview with *Michael Powell*). On Wed, **ACC** kicks off its annual Forum (see Q&A below) and CTAM's confab gets underway in NY for the 1st time since '84. CTAM's closing session Fri, "Get the Edge on What's Next," will feature 1 programmer (**ABC/ESPN's George Bodenheimer**), 1 MSO exec (**Time Warner Cable's Peter Stern**), 1 financial analysts (**BoA Merrill Lynch's Jessica Reif Cohen**), 1 venture capitalist (**Luma's Terence Kawaja**) and a consumer trend watcher (**VivaKi's Rishad Tobaccowala**). "They're all people who are looking at what's coming next, but looking at it from a different point of view," said CTAM CEO *Char Beales*. As for attendance, Beales said CTAM's waiting until the conference starts to talk numbers. With 2011 marking the end of CTAM's regional chapters, look for some special recognition for those groups. "Anyone who is an attendee can go and videotape their chapter memory, and we're combining that into a montage with a panel discussion about chapters that will be created as a permanent oral history at the **Cable Center**," Beales said. "We've had [chapters] for about 25 years so we really want to go out with a big celebration for all the success they've had."

**Retrans School:** The **FCC** needs to go back to law school? The rhetoric continues, with **Mediacom** taking the **Commission** to task for its view that it doesn't have the authority to make many changes to the retrans consent process. "Frankly, in our view, the case publicly made by the Commission's staff for concluding that the Commission

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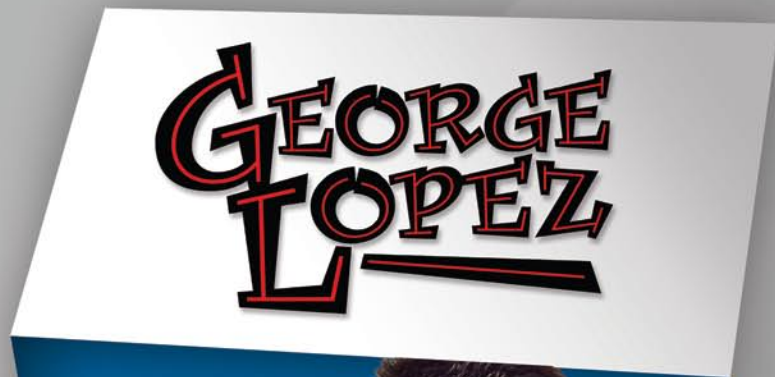


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lacks authority would earn a failing grade in most law schools,” the MSO said in its most recent letter, a follow-up to a phone conversation with FCC commish *Mignon Clyburn*’s staffers last week. Mediacom and LIN have been at loggerheads since Aug 31. In an effort to get the “stalled” retrans consent proceeding moving, the MSO said it was considering asking other interested MVPDs and broadcasters to retain a panel of independent law professors and/or retired federal judges to render their disinterested opinions on the FCC’s authority when it comes to retrans. At the least, Mediacom wants the FCC to use its “bully pulpit” to put broadcasters on notice that it will be watching and will urge Congress to step in if things get out of hand.

**At the Portals:** Comcast and Bloomberg are still sparring. The latest has the MSO complaining to the FCC that Bloomberg has attached a host of new legal arguments and factual assertions in a recent filing. Bloomberg has claimed that Comcast is violating NBCU merger conditions by not neighborhooding Bloomberg TV with CNBC and other news channels.

**Blogosphere:** NCTA chief *Michael Powell* took to the association’s blog (cabletechtalk.com) to call CEA head *Gary Shapiro*’s “bluff.” Powell is referring to Shapiro’s recent CNBC appearance in which he condemned the Obama admin for a lengthy list of proposed regulations, calling it “the most anti-business” admin of his lifetime. The problem with that statement, according to Powell, is that CEA is pushing the FCC’s All Vid proceeding. “While he is vehemently condemning some 200-plus new regulations that would cost industry hundreds of millions of dollars if implemented, Gary and CEA are leading an effort to push the FCC to adopt new regulations that would impose substantial costs on cable and other video providers, and that would have the very government bureaucrats that he so disdains set technical standards on a marketplace that is exploding with innovation,” he wrote.

**A la Carte:** Customers and MVPDs may be looking for a la carte offerings of cable channels to provide a little cost relief, but it doesn’t appear cable ops have any grand plan under way to move toward the pricing model as intimated by a *Reuters* article that worked the media into a lather Thurs. The issue gained fresh legs when ESPN reupped with the NFL for big bucks (*Cfax*, 9/9), and multichannel execs have noted in recent weeks how escalating programming costs may eventually lead to a la carte, but **Sanford Bernstein**’s *Craig Moffett* threw cold water Thurs. “It’s an appealing idea. But don’t hold your breath,” said Moffett. “The impediment to à la carte has always been programmers, not distributors, and there is precious little the distributors can do to force them to unbundle.”

**Dodger Blues:** As the L.A. Dodgers’ bankruptcy saga refuses to end, Fox Sports filed a lawsuit in hopes of gaining a positive outcome for itself. According to the *L.A. Times*, Fox sued the club over the pair’s TV rights issues and is

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asking a bankruptcy court judge to reject any sale of the franchise that doesn't conform to the current contract under which Fox retains exclusive negotiating rights through Nov 12 and the ability to match any offer. After **MLB** commish *Bud Selig* vetoed a new Fox-Dodgers deal in June, the bankruptcy court called in July for the Dodgers to implement a competitive sales process for the TV rights. Fox Sports could not be reached for comment.

**In the States:** **DirecTV** expanded its free **NFL Sunday Ticket** offer (linear and mobile) to include new customers in eligible new and existing MDUs. -- **Wire Fly Comm** now offers 4G WiMAX-based wireless broadband services to residential and business customers in New Orleans.

**Carriage:** Effective Thurs, **Outdoor Channel** will be made available in SD and HD to an additional 90K **RCN** sub in cities including NYC and Chicago. -- **RCN** launched **Fox Soccer Plus** in Boston.

**VOD:** **Comcast On Demand Local** and **Simplynew Studios** unwrapped **VidBlogger Nation**, a social TV network featuring hometown tastemakers who will share stories about local people and places in 10 initial markets including Philly, South Florida and Denver. Programming consists of 3-5min eps.

**5Qs with ACC:** **ACC** Forum co-chairs *Catherine Frymark* of **Discovery Comm** and *Reinaldo Llano* of **Bright House** gave us a rundown of the annual public affairs and communications gathering (<http://www.cablecommunications.org/forum.php>). **Why is it important to hold this industry gathering every year?** Llano: This is a once a year opportunity for PR professionals in our industry to really come together to discuss some of the issues and trends happening in our field. Part of the reason for Forum is to bring everyone else up to speed on what's going on from a communications perspective... and bring together ideas, like for the ever-growing challenges of social media. **Is it good to have a membership mix of operators and programmers?** Frymark: I think it's great. We have a lot of diverse panel opportunities, but also a lot of diverse attendees—from chief communications officers to young career communicators just starting out. We've worked hard to develop an agenda with truly actionable items that attendees of all levels can take back to the office. **What is attendance looking like?** Frymark: We're about on par with last year in NY. We're also expecting some additional registrations this week and some walk-ups based on the confluence of other great events going on as part of Diversity Week. **What are some highlights?** Frymark: We're showcasing ACC's new mentorship program, which just launched in 2011. The response has been fantastic. We have about 35 participants, and all of the mentors and mentees are invited to attend as special guests at a reception Wed at 5:30pm. I think one of our top must-attend sessions is Thurs. We've assembled 4 of the industry's top journalists [**CableFAX's** *Amy Maclean*, *The Hollywood Reporter's* *Georg Szali*, *NYT's* *Brian Stelter* and *Reuters' Peter Lauria*] for what we think is a really rare and exciting opportunity to talk about our industry from their point of view. Llano: The Beacon Awards is a highlight for our group as well. It's a lunch on Thurs. It's always phenomenal to see the quality of the program. It's pretty much consistent year to year in terms of the number of applications, quality and talent. **What are the most pressing issues for members now?** Llano: Social media [the subject of 2 panels] is evolving on a day-to-day basis. We're seeing customers really engage with social media to engage with companies, whether that's cable or some other industry. We feel like we stepped it up to be able to provide a fruitful discussion that will give people some really great tools in terms of how to do that.

**Ratings:** **E!** joined the list of cable nets that enjoyed stellar recent periods, notching its most-watched (417K P2+) and highest-rated (0.38) Sept ever in total day. -- A record 29.8mln viewers tuned into **NFL Net** in Sept, up 10% YOY and aided by the net's most-watched doc ever ("Bill Belichick: A Football Life") and most-watched ep of "NFL Replay" since '06. -- **GMC** delivered its best Q ever in 3Q among 18-49s, 25-54s and total day homes, plus its top Sept in history among the same 3 demos. -- **Investigation Discovery** continues to uncover impressive audience growth, earning 3Q prime increased among P2+ (+51%), HHs (+54%), 25-54s (+48%), women 25-54 (+53%), 18-49s (+57%) and women 18-49 (+65%). -- This week's Redskins-Cowboys matchup delivered a season-high of 17.1mln viewers for **ESPN's MNF**.

**Programming:** Win! Win! Win! Win! That's what **TBS** is hoping the Red Sox, Rays, Braves and Cardinals all do Wed night to necessitate a pair of wild card tiebreaker games that it's prepared to air at 4:07pm and 8:07pm ET Thurs. The net would welcome 1 game, too. -- **Starz** thinks enough of "Boss" already that it greenlit a 2nd season of the original drama before its Oct 21 premiere. -- **Comedy Central** doc "6 Days to Air: The Making of 'South Park'" (Oct 9) offers an inside look at the process of rolling out individual eps of the show in under a week.

**On the Circuit:** **TCM** announced the theme of its 3rd annual Classic Film Festival (Apr 12-15, Hollywood) will be style in the movies—from fashion to architecture to production design. Last year's festival totaled 25K attendees

# BUSINESS & FINANCE

at the more than a 100 screenings and events. This year's events will include appearances by *Julie Andrews, Alec Baldwin, Drew Barrymore, Angela Lansbury, Peter O'Toole* and *Mickey Rooney*. -- **Crown Media Family Networks**, along with **Comcast California** and **Charter**, will co-sponsor the **Stanislaus Literacy Center's** Annual Fundraiser, "Wine, Jazz and a Movie," on Sept 29 in Modesto, California. As a co-sponsor, CMFN will bring "Beyond the Blackboard," a Hallmark Hall of Fame special presentation, and the real-life teacher who inspired the story to the event.

**Public Affairs:** Sponsored by the **Mid-America Cable Telecom Assoc**, the **CableOne Joplin Tornado Relief Fund Charity Golf Tourney** will be held Nov 8 in Jefferson City, MO. More info at **MidAmericaCable.tv**.

**People:** Former **Lifetime** pres *Susanne Daniels* is serving as an exec consultant to **OWN**. -- *Rob Smallwood* joined **Cox** as evp, enterprise dev.

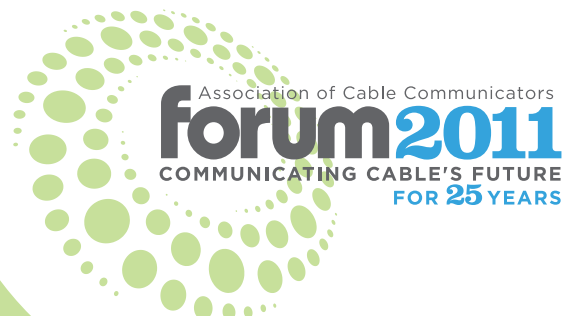
**Business/Finance:** **Comcast Ventures** formed **CTI Towers**, a portfolio company that will own, operate and dev telecom towers throughout the US. CTI launches with approx 800 towers that were previously owned by **Comcast Cable** subsidiaries and will actively lease capacity to wireless ops and other tenants. *Anthony Peduto* takes over the venture as CEO.

## CableFAX Daily Stockwatch

Company	09/28 Close	1-Day Ch	Company	09/28 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	44.33	0.12	CISCO:	15.84	(0.23)
DISH:	27.16	(0.75)	CLEARWIRE:	2.52	0.05
DISNEY:	30.48	(0.68)	CONCURRENT:	5.68	0.03
GE:	15.45	(0.31)	CONVERGYS:	9.40	(0.43)
NEWS CORP:	15.99	(0.49)	CSG SYSTEMS:	12.70	(0.47)
<b>MSOS</b>					
CABLEVISION:	17.06	(0.88)	ECHOSTAR:	22.55	(0.84)
CHARTER:	49.20	(0.85)	GOOGLE:	528.84	(10.5)
COMCAST:	22.00	(0.34)	HARMONIC:	4.25	(0.28)
COMCAST SPCL:	21.69	(0.38)	INTEL:	22.31	(0.23)
GCI:	7.94	(0.12)	JDSU:	10.56	(0.98)
KNOLOGY:	13.43	(0.61)	LEVEL 3:	1.56	(0.05)
LIBERTY GLOBAL:	37.37	(0.65)	MICROSOFT:	25.57	(0.1)
LIBERTY INT:	15.71	(0.31)	MOTOROLA MOBILITY:	37.90	(0.14)
SHAW COMM:	20.32	(0.5)	RENTRAK:	13.27	(0.54)
TIME WARNER CABLE:	65.06	(1.93)	SEACHANGE:	7.71	(0.58)
VIRGIN MEDIA:	25.15	0.11	SONY:	19.34	0.12
WASH POST:	315.14	(5.64)	SPRINT NEXTEL:	3.08	(0.05)
<b>PROGRAMMING</b>					
AMC NETWORKS:	33.41	(0.62)	THOMAS & BETTS:	40.64	(1.23)
CBS:	21.24	(0.95)	TIVO:	9.89	(0.51)
CROWN:	1.34	(0.06)	UNIVERSAL ELEC:	16.17	(0.72)
DISCOVERY:	39.76	(2.02)	VONAGE:	2.67	(0.15)
GRUPO TELEVISIA:	18.60	(0.57)	YAHOO:	14.19	(0.35)
HSN:	34.59	(0.56)	<b>TELCOS</b>		
INTERACTIVE CORP:	39.86	(0.74)	AT&T:	28.55	(0.12)
LIONSGATE:	6.61	(0.1)	VERIZON:	36.84	(0.05)
LODGENET:	1.72	(0.12)	<b>MARKET INDICES</b>		
NEW FRONTIER:	1.12	0.02	DOW:	11010.90	(179.79)
OUTDOOR:	6.04	(0.36)	NASDAQ:	2491.58	(55.25)
SCRIPPS INT:	39.00	(1.37)	S&P 500:	1151.06	(24.32)
TIME WARNER:	30.78	(0.94)			
VALUEVISION:	2.46	(0.27)			
VIACOM:	50.71	(0.9)			
WWE:	9.22	(0.19)			
<b>TECHNOLOGY</b>					
ADDVANTAGE:	2.06	(0.1)			
ALCATEL LUCENT:	3.02	(0.11)			
AMDOCS:	27.68	(0.02)			
AMPHENOL:	42.50	(1.25)			
AOL:	11.94	(0.6)			
APPLE:	397.01	(2.25)			
ARRIS GROUP:	10.31	(0.32)			
AVID TECH:	8.17	(0.51)			
BIGBAND:	1.32	(0.1)			
BLNDER TOUNGUE:	1.17	UNCH			
BROADCOM:	34.03	(1.01)			

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## Think about that for a minute...

### Unlimited Service Fund

Commentary by Steve Effros

Many years ago I had the honor of being sent by the FCC to a week-long seminar conducted by the highly respected “dean” of government regulation, Alfred Kahn.

Kahn, among other things, headed the New York Public Service Commission, Chaired the Civil Aeronautics Board and deregulated the airlines, and was dean and a professor of economics at Cornell. He opposed regulations that protected industries, saying the market was a better approach. He always said that he would have preferred to be head of the FCC rather than the CAB, since “...the future clearly has to belong to substituting telecommunications for travel.” It’s a darn shame the FCC job didn’t happen!



One of my clearest memories of Kahn was his strongly held view that rate of return regulation was a disaster. Put simply, he would say, you’re just telling people the more they spend, the more they make! That won’t work. That was in 1971. We’re still doing battle about such notions 40 years later.

This time it’s about the “Universal Service Fund.” The fund that was originally designed to take a little bit of money from each telephone call and put it into a fund that would help subsidize completion of the telephone grid in rural areas where it was uneconomic to build.

Well, those areas have long been built, but the fund is still here, and it just gets bigger as telecommunications are used, and paid for, more and more. A major overhaul of the “USF” is now about to be proposed at the FCC after many years of wrangling. No one argues that it shouldn’t be reformed, but as usual, when it comes to the question of allocating the money, everyone has a different view.

I’m not going to get into all the political and economic details. I want to make a simple point; the point Fred (as he was known) Kahn made. If you have an ever-growing pot of money, someone will always figure out a way that it “has” to be spent! That’s the USF situation today, and regrettably, in all the talk about “reform,” the major proposal being debated still puts no cap on the size of the fund.

Yes, now it’s proposed to be broadened, to finance “broadband” in rural areas. But there is little discipline as to the definition of “broadband” and as we all know, it can always get “broader”... so there is no inherent limit on what could be spent. The folks who currently get most of the USF money, the rural telcos, want to keep a notion of “right of first refusal” on the funds, meaning those who already got money to build infrastructure get first dibs on any more money! That would have driven Fred nuts. (He unfortunately died at the age of 93 last year.) A “right of first refusal” would result in most of the money going directly to the groups that have effectively inhibited most competition from entering their markets. Now those funds would just strengthen the incumbent against any competitor.

But let’s get back to the “cap.” Can there be any question but that if there is effectively an “unlimited” fund there will also be folks with unlimited ideas of how to spend it? If there is any bipartisan agreement in this town, it’s that there is certainly a dire need for fiscal discipline. That doesn’t come from maintaining the rules on the “USF” which don’t include a “cap” on the fund. That just becomes the “Unlimited Service Fund.” As Fred would say; that won’t work.

*Steve*

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