

CableFAX Daily™

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What the Industry Reads First

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Leave STELA Alone: Walden Doesn't Want Retrans Mixed with Satellite Laws

The industry got a very clear edict from **House Communications** chmn *Greg Walden* (R-OR): Don't try to use STELA as a vehicle for retrans change. "As we work to reauthorize STELA and improve the provision of local television over satellites, advocates would be wise to remember that the satellite laws are not the Cable Act, and vice versa. Our cable laws are in need of updating, too, but the satellite reauthorization is not the time or place for that debate," Walden said in a speech before a **Hudson Institute** panel on retrans. Instead he urged those with retrans concerns to participate in the Communications Act update process, just announced on Tues. While this is unwelcome news to some MVPDs that had been eyeing STELA, a clean bill is not all gravy for broadcasters. "It could also complicate any effort by broadcasters to add amendments to ensure copyright/retrans payments from **Aereo** or other Internet video providers," **Stifel Nicolaus** analysts said. Walden also told the crowd that he hopes to work with the **Judiciary** cmte to review and update the compulsory copyright licensing system for retrans. Both Walden and retrans panelist *Jeffrey Eisenach* of the **American Enterprise Institute** said you couldn't touch retrans without addressing compulsory copyright. Broadcasters generally think the compulsory copyright works, but cable wants to repeal retrans and keep the compulsory license in place, thus getting cake and ice cream out of the deal, said broadcast attorney *Gerard Waldron* of **Covington & Burling**. Making the case for a retrans overhaul was *Stephen Pociask*, pres of the **American Consumer Institute Center for Citizen Research** and former chief economist for **Bell Atlantic**. The group, which describes itself as a 501(c)(3) nonprofit educational and research institute, released a study arguing that the retrans rules discourage stations from participating in spectrum auctions and thus hurt wireless broadband.

In the Courts: **Tennis Channel** is seeking US Supreme Court review of a DC Circuit decision that found **Comcast** didn't discriminate against Tennis on the basis of affiliation. That May ruling threw out the **FCC's** decision that the operator had violated program carriage rules. The programmer told SCOTUS that the lower court rejected established framework and "invented a novel hurdle to discrimination claims." Under the new standard, a complainant would have to show not only that a defendant treated similarly situated nets differently based on ownership, but also that providing equal treatment would have benefited the MVPD's distribution business, Tennis said. Comcast said it was confident the ruling will continue



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to be upheld, saying the DC Circuit has “spoken emphatically and unanimously.” In the meantime, this could further delay **GSN’s** carriage complaint against **Cablevision**. Just last week the FCC admin law judge hearing the case urged both companies to submit a joint report by Fri apprising him of their hearing preparations and give estimates of a hearing date. GSN and Cablevision postponed the hearing twice this year to see how the DC Circuit Court of Appeals would rule in Comcast’s appeal of the FCC’s order in Tennis Channel’s carriage complaint. It seems likely that this week’s status report will again urge the ALJ to hold off on a hearing until SCOTUS decides whether to take the case.

Starz Gazing: Despite talk of **Starz** being an acquisition target, the management team is “focused on running the business for the long-term,” CFO *Scott MacDonald* said at a **Bank of America Merrill Lynch** investor conference Wed. Part of the focus is on ambitious plans for original programming. “We will be cost effectively ramping up our originals over the coming years,” from 36 hours this year and 50 hours next year to 65-75 hours in ’16 and ’17, Macdonald said. That doesn’t mean movies will be abandoned as acquiring 1st-run and older movies is a key part of the company’s strategy, he said. Despite strong competition from OTT players like **Netflix** on original programming, MacDonald said he’s comfortable with Starz’s development pipeline. “There’s no lack of quality shows” at Starz, he said, citing the upcoming “Power” and “Outlander,” which he said would appeal to an under-served female viewer base. MacDonald noted that although originals are only 5% of the overall programming, they account for nearly half of the top 100 programs at Starz over the past year. As for programming costs, it will decline over time, thanks to favorable renewal of **Sony** output agreement and expiration of **Disney** contract, he said. -- In other Starz news this week, TVE app Starz Play landed on **Microsoft’s** Xbox Live platform for the Xbox 360 video game and entertainment system, with plans to launch on the new Xbox One system. The net’s other authenticated apps, **Encore** Play and **MoviePlex** Play are expected to launch in the 1st half of ’14 on the Xbox 360 and will be included as part of the company’s broader Xbox One development initiatives.

On the Hill: With the House expected to vote Thurs on patent reform legislation introduced by **Judiciary** chmn *Bob Goodlatte* (R-VA), **CEA** is ratcheting up the pressure on lawmakers. It’s encouraging people to text “Trolls” to 52886 as part of a campaign to tell Congress to support the Innovation Act of ’13. Several associations, including **NCTA**, support the bill aimed at so-called patent trolls. CEA is adding the vote to its Technology Legislation Scorecard, which assesses every member on where they stand on issues dear to CEA’s heart.

Restructuring: Viacom realigned its Media Networks Music and Entertainment Ad Sales group to merge its TV, digital and mobile teams into a single sales group, which will handle all sales and integrated marketing for linear and digital properties across **CMT**, **Comedy Central**, **MTV**, **Logo**, **Spike TV**, **TV Land** and **VH1**. Under the new structure, *Melanie Dimemmo* becomes svp, digital video sales; *Sarah Loos*, svp, partnerships and client strategy, and *Sharon Silverstein*, svp, multiplatform studio ad sales.

Deals: DirecTV is putting its bets on digital video, inking deals with digital tech firms **LiveClips** and **i.TV**. While the LiveClips platform aggregates live, post-game or archived sports feeds to create, digitize and deliver discrete searchable video clips, i.TV is a social TV and 2nd-screen platform that recently acquired **GetGlue**. DirecTV plans to integrate i.TV into its 2nd-screen app, scheduled to launch before the end of the year. It will also use LiveClips technology to offer personalized sports highlights for its NFL Sunday Ticket app. -- Content management and network infrastructure solutions company **Harris Broadcast** plans to acquire **Imagine Comm**. The deal should enhance Harris’ OTT, mobile video and multi-screen TVE capabilities. The deal, which is expected to close in Jan, also allows Harris to expand R&D initiatives. “Many of our content originator customers have been adding services for OTT and TV Everywhere, but have had to do so with bifurcated systems for linear and non-linear services,” said Harris Broadcast CEO *Charlie Vogt*, arguing that the deal will create “the first true software defined integration of sales, scheduling, automation, playout and delivery across both linear and non-linear content distribution networks.”

Football: Fox said commercial inventory for its broadcast of Super Bowl XLVIII on Feb 2 is officially sold out, a month earlier than last year’s game. Remaining inventory for the net’s 1st live stream is “in high demand,” the programmer said. The ad load features 43 advertisers who have purchased ad time ranging from the usual 30-sec and 60-sec to long-form 90-sec and 2-min formats. Meanwhile, sports events, namely the Super Bowl, continue to drive TV sales every year, according to a **CEA** study. About 22% HDTV owners in the US purchased their TVs for the specific purpose of watching the Super Bowl. Accordingly, more adults surveyed identify themselves as fans of

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football (79%) than any other sports, including baseball (53%), basketball (51%), racing (28%) and hockey (27%). Of the 70% of online US adults who plan to follow the Super Bowl, 53% plan to watch live in HD and 21% plan to watch live in SD. Meanwhile, 12% will watch clips or highlights broadcast on TV and 8% will record the game to watch later. And 10% of online U.S. adults plan to follow the Super Bowl via social media posts while 8% will follow news and statistics from the game online. About 7% will watch clips or highlights online while another 7% will watch live online.

Programming: AXS TV placed a 15-ep, 3rd season order for the 1-hour live concert series "The World's Greatest Tribute Bands," debuting Jan 6. -- **TV Land** renewed "The Soul Man" for a 3rd season.

People: WWE announced key promotions: *Michelle Wilson*, formerly chief marketing officer, will be chief revenue and marketing officer; *George Barrios*, formerly CFO, will be chief strategy officer and CFO, co-leading WWE's TV rights negotiations with Wilson; *Stephanie McMahon*, formerly creative evp, will be chief brand officer; *Kevin Dunn* will serve as exec producer of all WWE programming. -- *Carrie Regan*, a former freelance development consultant/producer/writer, joined **Scripps Networks'** Home Category as dir, programming/development.

CableFAX Daily Stockwatch

Company	12/04 Close	1-Day Ch	Company	12/04 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
21ST CENTURY FOX:	32.91	(0.31)	GOOGLE:	1058.18	4.92
DIRECTV:	65.75	(0.27)	HARMONIC:	7.31	0.08
DISH:	53.56	(0.17)	INTEL:	23.74	0.19
DISNEY:	69.97	0.07	JDSU:	12.25	0.33
GE:	26.64	0.08	LEVEL 3:	30.21	(0.05)
MSOS					
CABLEVISION:	16.29	0.13	MICROSOFT:	38.94	0.63
CHARTER:	129.43	0.12	MOTOROLA MOBILITY:	14.75	UNCH
COMCAST:	48.88	0.11	NIELSEN:	42.85	0.17
COMCAST SPCL:	47.23	(0.07)	RENTRAK:	36.95	(2.22)
GCI:	9.53	(0.1)	SEACHANGE:	14.60	(0.01)
LIBERTY GLOBAL:	83.67	(0.54)	SONY:	17.89	(0.52)
LIBERTY INT:	27.72	(0.35)	SPRINT NEXTEL:	7.95	(0.09)
SHAW COMM:	23.16	0.19	TIVO:	12.66	(0.09)
TIME WARNER CABLE:	132.20	(1.94)	UNIVERSAL ELEC:	36.75	(0.89)
PROGRAMMING					
AMC NETWORKS:	64.32	0.44	VONAGE:	3.23	(0.01)
CBS:	58.09	(0.37)	YAHOO:	38.13	1.57
CROWN:	3.29	(0.03)	TELCOS		
DISCOVERY:	84.18	(1.23)	AT&T:	34.60	(0.14)
GRUPO TELEVISA:	29.02	(0.37)	VERIZON:	49.37	(0.23)
HSN:	58.14	0.26	MARKET INDICES		
INTERACTIVE CORP:	56.78	(0.28)	DOW:	15889.77	(24.85)
LIONSGATE:	31.11	0.75	NASDAQ:	4038.00	0.80
MADISON SQUARE GARDEN:	55.73	(0.25)	S&P 500:	1792.81	(2.34)
SCRIPPS INT:	72.66	(0.59)			
STARZ:	28.06	0.18			
TIME WARNER:	65.44	(0.02)			
VALUEVISION:	6.41	0.49			
VIACOM:	81.55	0.35			
WWE:	14.36	(0.22)			
TECHNOLOGY					
ADVANTAGE:	2.61	(0.01)			
ALCATEL LUCENT:	4.35	(0.07)			
AMDOCS:	40.45	(0.04)			
AMPHENOL:	85.16	(0.18)			
AOL:	44.61	(0.97)			
APPLE:	565.00	(1.32)			
ARRIS GROUP:	20.80	0.28			
AVID TECH:	8.85	(0.04)			
BLNDER TONGUE:	0.95	0.01			
BROADCOM:	26.87	(0.1)			
CISCO:	21.25	(0.01)			
CONCURRENT:	7.53	(0.16)			
CONVERGYS:	20.43	(0.03)			
CSG SYSTEMS:	28.83	0.14			
ECHOSTAR:	49.74	(0.18)			

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Think about that for a minute...

Nostalgia

Commentary by Steve Effros

I was at two different meetings in the past few weeks where the presentations were about the television industry. It felt like “old home week” not only because the folks who were there were long-time colleagues, but because in a lot of cases what was being said sounded remarkably similar to what I’ve heard for the past thirty-some-odd years. It’s as though either nothing has changed in those years, or we certainly haven’t learned from our experiences!



The message in both meetings had to do with the claimed value of broadcast television. In the first, my old friend Preston Padden and I both spoke. Now Preston and I go back a long way. He was the head of the Independent Television Association (the small guys) when I was the head of CATA, the association of independent cable operators. We spent a whole lot of time before Congressional committees testifying about broadcasting, copyright and cable along with a broadcaster representing the NAB, Jack Valenti, representing the folks in Hollywood, and Bob Schmidt, who then headed the NCTA. It was a veritable “road show.” We would go before various committees and battle over how the “new guys” both large and small cable operators, would fit in with the “establishment” broadcasters and motion picture folks. Needless to say, we didn’t agree on much, particularly on questions relating to “must carry” and copyright! It was a fun time.

Fast-forward to today. Preston, having had enough of working for the “small” guys, became one of the chief policy honchos in DC for ABC. He then retired, and is now head of a new group trying to promote the best possible rules (for the broadcasters, of course) in the upcoming spectrum auctions. We always have a good time together, especially when we can take friendly shots at

each other in some forum. This one was no different, with Preston arguing that the value of local broadcasting has just continued to skyrocket, and the auctions should anticipate paying the broadcasters who agree to give up their spectrum many multiples of what everyone today estimates they should get. It was as if the actual viewing of over the air broadcasting had never been cut by more than 85% by the advent of cable and satellite distribution. It was like 1976 all over again. But it was fun.

Then, a few days later, I sat at a luncheon with Eddie Fritts, the former 20-year head of the NAB, listening to a speech by Gordon Smith, his successor. And what was Gordon saying? Well, as I noted to Eddie, it sure sounded like Gordon had just been handed one of Eddie’s speeches from 15 or 20 years ago! Once again, the massive drop in OTA viewing never entered the discussion. But you can bet the absolute, incredible, all but irreplaceable value of “local broadcasting” took center stage. Yup... the tornado argument was whirling in full force. Gordon was complaining that the FCC’s new head, Tom Wheeler, and indeed this whole administration and the last one, seemed singularly focused on promoting the development of broadband, and not on equally promoting “local broadcasting!” Never mind that very few local broadcasters today air more than a smattering of local programming. It was like we were back in the 1960s!

Well, it was nostalgic fun, but not terribly persuasive. The spectrum has tremendous value, but wasting it on multiple, redundant local broadcast channel allocations doesn’t. The FCC’s focus is right. Nostalgia has its place, but not at the price of ignoring current reality.

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry)



Good for you.*

*Coming soon from CableFAX.