

# CableFAX Daily™

Friday — February 21, 2014

What the Industry Reads First

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## DirecTV POV: White Calls for Comcast-TWC Scrutiny, Talks Sports Surcharge

DirecTV drew the straw to be the 1st MVPD to report earnings after last week's **Comcast-Time Warner Cable** merger announcement (anyone else looking forward to **Charter** reporting on Fri, 2/21?). Not surprisingly, cable consolidation was the 1st question satellite execs received from analysts on Thurs' 4Q earnings call. CEO *Mike White* cautioned that it's very early in the process and that DirecTV is still assessing the competitive implications. However, he said "if the deal is approved as proposed, it clearly represents an unprecedented media concentration of 1 company." White called for regulators to appropriately scrutinize it, suggesting the deal could create an effective broadband monopoly that might include as much as 2/3 of the country. He also pointed to the "interaction between horizontal power and vertical power that they would have with content costs." The CEO acknowledged that negotiating contracts for 30mln subs would give the new company more leverage, which might combat rising programming costs, but said "it's a very complicated dynamic because leverage might not flow through to other competitors." Plus, Comcast-TWC would own a lot of programming themselves. Thurs' call also provided some color on the upcoming **Dodgers** net, which Time Warner Cable is managing. White called the net's rate a "staggering increase relative to any other benchmark in Major League Baseball," adding that L.A. customers may expect to see "more than the average increase" in the sports surcharge if such a deal is done. "My biggest concern is our customers. I think we all forget that none of our customers have an income like those of us on the call here," he said. Other highlights from the call: DirecTV is embracing a hybrid satellite cloud structure for its core business, while exploring a more niche OTT offering (emphasis on niche, meaning DTV will not be making 200+ channels available over the Internet). White has his doubts about how much 4K content there will be, but said DirecTV is prepared to take a lead role when it's ready. It's launching later this year a satellite that should help it get the 4K biz going. Not much talk about **Weather Channel**, which has been dark on DirecTV for more than a month. "We may have lost a few thousand customers in 1Q related to Weather Channel," White said. DirecTV, which acquired wireless home security provider **LifeShield** last year, continues to be bullish on home monitoring, though it's very early days. The company has made approx 300-400 home monitoring sales, with the offering not national yet. The plan is to get the execution flawless (different licenses are needed for installs, sometimes an electrician), with DirecTV rolling out nationally by year-end. **By the Numbers**: DirecTV reported strong results, with

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- 1 MILLION VIEWERS IN FIRST MONTH
- A18 - 49 TIME PERIOD AUDIENCE GROWTH OF 221%
- OVERALL A18 - 49 PRIMETIME AUDIENCE GROWTH OF 33%

Source: Nielsen, Live+SD, Dexter time periods 1/13-2/19/14, reach (000) 1 min qualifier P2+. A18-49 (000) growth (Mon 9-11:30p) vs. year-ago time period 1/14-2/10/13 and Primetime avg. growth (M-Su 6p-12m) vs. 2013 prime year avg. 12/31/12-12/29/13.

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## NUVO tv



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overall rev up 7% YOY \$8.6bln and the company announcing a \$3.5mln stock buyback plan. Net income attributable fell to \$810mln from \$942mln. In the US, video net adds hit 93K, with the company focusing on “higher quality” customers.

**At the Portals:** The **FCC** on Thurs unanimously approved a new set of rules for TV closed captioning and meant to ensure full access for deaf or hard-of-hearing viewers. The rules include quality standards for accuracy, synchronicity, program completeness and placement of closed captions. The FCC does distinguish between pre-recorded, live and near-live programming, explaining how the standards apply to each type. The order includes some best practices for programmers and vendors based on recommendations from **NCTA**, **NAB** and captioning agencies. “We expect that the best practices related to quality will facilitate identification of captioning issues with the goal of positive solutions, not simply punitive actions,” **NAB** said. **NCTA** said it’s prepared to work with all parties. “The identification and development of captioning best practices will help advance our common goal,” said an **NCTA** statement. The FCC seeks comment on reappportioning some of the captioning responsibilities and on ways to further enhance accessibility and improve rules. “This is not an ‘enact it and then forget it’ item. We’ll keep pace with how it’s working,” FCC chmn *Tom Wheeler* said.

**Weather Report:** **FCC** chmn *Tom Wheeler’s* remarks on Thurs’ approved closed captioning item included a reference to some wrong captions in a weather report that were raised by **Weather Channel** in regards to **WeatherNation**, which **DirecTV** has featured as a replacement for the Weather Channel after it dropped the net last month. On Wed, WeatherNation and DirecTV responded at the FCC to Weather Channel’s request that the FCC investigate the net’s captioning. The net said FCC rules do not require it to caption its programming at all, and that it is exceeding obligations by providing captioning at least a year before it will be required to do so. “WeatherNation and DirecTV regret that [Weather Channel] and its owners have chosen to use the Commission as a forum in which to attempt to negotiate a way out of TWC’s private, contractual disputes. Both, however, understand the importance of providing accurate closed captioning, and are committed to providing the best service to WeatherNation viewers,” they said, noting the net recently updated its captioning software.

**On the Hill:** Rep *Marsha Blackburn* (R-TN), a longtime opponent of net neutrality rules, said she will introduce legislation to prevent the **FCC** from creating new Open Internet rules, following chmn *Tom Wheeler’s* move Wed to launch a proceeding. “Since it is clear that FCC Chairman Wheeler is on a crusade to implement these socialistic regulations, I will soon be introducing legislation to block these efforts and protect Internet freedom for consumers,” she said in a statement. Speaking to reporters Thurs, Wheeler tackled why the agency isn’t using Title II for the Open Internet proceeding, but keeping it on the table. “There are all kinds of tools in the toolbox. What we’re doing, we’re adding, not subtracting to what’s in that toolbox,” Wheeler said. “The court said 706 is an appropriate mechanism for addressing these issues when that is done in the manner in which the court suggested.”

**WWE vs DISH:** A few of **WWE’s** PPV distributors weren’t happy when the company announced it would launch OTT net **WWE Network** instead of a linear net. On Thurs, days before the OTT net’s Feb 24 debut, **DISH** made its move, saying it won’t carry **WWE’s** PPV programming, including “WrestleMania 30” in April. On its **Facebook** page, **DISH** added it won’t offer the “WWE Elimination Chamber” PPV on Feb 23. “WWE is not willing to adjust their PPV costs to satellite and cable companies, which is unfair to their customers. We need to re-focus our efforts to support partners that better serve Dish customers,” **DISH** said. The satellite op will continue to carry other **WWE** shows, including “Monday Night Raw” on **USA**, “Friday Night SmackDown” on **Syfy**, “Main Event” on **Ion** and “Total Divas” on **E!** In response, **WWE** said it’s pleased that “the majority” of its cable and satellite PPV distributors are sticking around: “Unfortunately, **DISH** will not be doing so. We hope **DISH** will reconsider for this Sunday’s Elimination Chamber Pay-Per-View event and especially for **WrestleMania 30**.”

**Virtual Sports Net:** **Time Inc** teamed with several leagues to launch **120 Sports**, an OTT sports net. Content partners include **NHL**, **NBA**, **MLB Advanced Media**, **NASCAR** and **Campus Insiders** (a joint venture between **IMG College** and digital sports media firm **Silver Chalice**). **NFL** is absent from the lineup. Scheduled to debut later this spring, the virtual net will feature original and hosted programming in 2-min segments. The free video platform, which can be accessed across platforms, will be based on **MLBAM’s** technology infrastructure and mobile app development. A premium content offering will be launched next year. **Silver Chalice** will oversee production and business operations.

**Speed Competition:** Austin gets all the fun: **Google Fiber** and **AT&T** already planned to launch their gigabit services this year and now **Time Warner Cable** announced it will bring faster tiers with speeds up to 300 Mbps to the city. The cur-

# BUSINESS & FINANCE

rent TWC top speed in the area is 50 Mbps. The MSO will extend similar speed upgrades to several other tiers this summer across the Austin area. The company will also offer new tiers to small business customers as “add-on options.” The move came after TWC launched 1,300 WiFi hotspots in the market (with more to come this year).

**Ratings:** *Ted Ligety's* gold medal win and women's figure skating short program Wed night averaged 20.2mln viewers and a 12.2 HH rating on **NBC**, making it the most-watched and highest-rated 2nd Wed of a Winter Olympics in 12 years. Viewership and HH ratings were up 26% and 22% respectively from the 2006 Torino Games.

**Board Moves:** Scripps Networks Interactive said dir *John Burlingame* won't stand for re-election at the company's annual shareholder meeting and will retire when his current term expires. Burlingame has been on the board since the separation from The E.W. Scripps Company in '08, serving as a director of EWS for 24 years.

**People:** *Nina Tassler* got a promotion at **CBS** to chmn of **CBS Ent** and a new contract that runs through '17. -- **Starz** upped *Amy Bell* to svp, brand strategy and marketing communications. Bell, who joined the company in '08, was most recently vp, brand strategy. -- *Jim Babcock* was named vp, consumer marketing for **Adult Swim**.

## CableFAX Daily Stockwatch

Company	02/20 Close	1-Day Ch	Company	02/20 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
21ST CENTURY FOX:	32.67	(0.1)	GOOGLE:	1204.11	1.77
DIRECTV:	75.08	2.14	HARMONIC:	6.56	0.04
DISH:	57.07	0.55	INTEL:	24.74	0.24
DISNEY:	79.19	0.32	JDSU:	13.68	0.30
GE:	25.12	(0.06)	LEVEL 3:	38.58	0.30
<b>MSOS</b>					
CABLEVISION:	16.41	0.29	MICROSOFT:	37.75	0.24
CHARTER:	131.84	1.40	NIELSEN:	46.40	0.02
COMCAST:	51.76	0.19	RENTRAK:	66.95	3.57
COMCAST SPCL:	50.11	0.30	SEACHANGE:	12.14	0.19
GCI:	10.03	0.13	SONY:	17.17	0.10
LIBERTY GLOBAL:	87.89	0.83	SPRINT NEXTEL:	8.27	0.11
LIBERTY INT:	29.31	0.26	TIVO:	12.95	0.22
SHAW COMM:	22.85	(0.62)	UNIVERSAL ELEC:	37.35	1.12
TIME WARNER CABLE:	141.66	0.66	VONAGE:	4.56	0.06
<b>PROGRAMMING</b>					
AMC NETWORKS:	68.38	0.65	YAHOO:	37.79	(0.02)
CBS:	65.91	0.09	<b>TELCOS</b>		
CROWN:	3.17	0.09	AT&T:	33.18	0.33
DISCOVERY:	82.43	1.29	VERIZON:	48.12	1.59
GRUPO TELEVISA:	28.15	0.31	<b>MARKET INDICES</b>		
HSN:	57.76	1.49	DOW:	16133.23	92.67
INTERACTIVE CORP:	74.72	3.61	NASDAQ:	4267.55	29.59
LIONSGATE:	31.42	0.03	S&P 500:	1839.78	11.03
MADISON SQUARE GARDEN:	58.33	(1)			
SCRIPPS INT:	80.02	0.76			
STARZ:	29.50	0.25			
TIME WARNER:	64.98	0.36			
VALUEVISION:	5.85	0.13			
VIACOM:	86.61	0.55			
WWE:	24.74	1.74			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.90	(0.04)			
ALCATEL LUCENT:	4.26	(0.02)			
AMDOCS:	44.41	0.57			
AMPHENOL:	88.95	0.40			
AOL:	44.80	1.43			
APPLE:	531.15	(6.22)			
ARRIS GROUP:	31.34	3.40			
AVID TECH:	7.12	0.07			
BLNDER TONGUE:	0.95	UNCH			
BROADCOM:	30.95	0.15			
CISCO:	22.30	0.02			
CONCURRENT:	8.64	0.04			
CONVERGYS:	19.90	0.20			
CSG SYSTEMS:	26.73	0.13			
ECHOSTAR:	47.91	0.27			

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# PROGRAMMER'S PAGE

## Following The Red Road

**Sundance Channel** has added another series to its slate of original, scripted programming with the thriller "The Red Road," premiering Feb 27 9pm. Like "Top of the Lake" before it, the 6-episode program treats location and landscape almost as a character in its own right. We spoke with *Aaron Guzikowski*, co-executive producer, writer and creator, about the show's development, the Native American tribe on which the series is based and casting the right actors. **You mentioned at TCA that the show was originally developed for HBO. Did you work with the network at first or did you develop the show for it specifically?** I worked with a producer [Sarah Condon] who was mainly working with HBO, so that's kind of where we figured it would end up. But it wasn't necessarily built as an HBO show, per se. A lot of the development we kind of did on our own. Eventually it ended up at Sundance. **Why makes it a good fit for Sundance?** Because I think it's very cinematic. When people think of Sundance I think they think of movies, and I think that was part of our approach—to jam as much story into each episode as possible, treating each episode almost like a movie unto itself. Not saving too much in terms of story, and just kind of churning through it at a really good, healthy pace—especially since we have a 6 episode first season. There's no need to kind of sit and reflect. **If making the series cinematic was so important to you, why not make it a film?** I think it's because of the characters—the kind of storylines we wanted to tell. It takes a while to drill down and strip away the layers. And there's a lot of different stories—these two different families, the past and the present. There's quite a lot going on. [For the full Q&A, go to [CableFAX.com](http://CableFAX.com)]. – *Kaylee Hultgren*

**Reviews:** This week boasts series returning for 2nd seasons. Up first is critically acclaimed "Ripper Street" (9p, Sat, **BBC Am**). Sadly, this beautifully written, acted and produced drama about police battling to maintain law in the dark streets of East London in 1890 was canceled late last year by the BBC. Produced by BBC America, the drama ran in Britain against a popular reality series, which hurt ratings. Regardless, Season 2 again features intriguing plots, fine acting (led by *Matthew MacFayden*), and strong writing—the dialogue sounds authentic and integrates historic events and figures into the action, including *Joseph Merrick*, aka The Elephant Man. -- Next is "The Americans" (Wed, 10p, **FX**), which continues its tension-filled story about a typical American couple of the early 1980s, effectively played by *Keri Russell* and *Matthew Rhys*, who actually are **KGB** agents. While an **FBI** agent neighbor has failed to catch on, the couple's teen daughter senses her parents are off somehow. Another treat this season is a plot element based in the Soviet Embassy, appropriately spoken in Russian with subtitles. -- Last is surprise ratings grabber (averaged 4.3mln total viewers in '13) "Vikings" (Thurs, 10p, **History**). Season 2 again is gorgeous, but is more accessible and moves faster. Still, there are plenty of raids, looting, torture and internecine battles. –*Seth Arenstein*

Basic Cable Rankings (2/10/14-2/16/14)			
Mon-Sun Prime			
1	TNT	2.0	1908
2	USA	1.9	1903
3	DSNY	1.5	1481
4	FOXN	1.4	1370
5	HIST	1.3	1308
6	TBSC	1.2	1214
6	DSE	1.2	83
8	AMC	1.1	1056
9	HGTV	1.0	949
9	ESPN	1.0	944
11	ADSM	0.9	872
11	FX	0.9	871
11	NAN	0.9	860
14	LIFE	0.8	813
14	BRAV	0.8	796
14	A&E	0.8	791
14	SYFY	0.8	788
14	TLC	0.8	780
14	FAM	0.8	762
14	ID	0.8	674
21	DISC	0.7	720
21	SPK	0.7	691
21	FOOD	0.7	657
21	HALL	0.7	598
25	MTV	0.6	590
25	BET	0.6	579
25	TVLD	0.6	574
25	CMDY	0.6	556
25	MSNB	0.6	541
25	APL	0.6	530
25	DSJR	0.6	360
25	HMC	0.6	308
33	VH1	0.5	512
33	TRU	0.5	464
33	OWN	0.5	436
36	EN	0.4	415
36	FS1	0.4	392
36	TRAV	0.4	381
36	LMN	0.4	375
36	NGC	0.4	372
36	WE	0.4	360
36	CNBC	0.4	357
36	H2	0.4	300
36	OXYG	0.4	276
45	CNN	0.3	294
45	HLN	0.3	278

\*Nielsen data supplied by ABC/Disney

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