

CableFAX Daily™

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What the Industry Reads First

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STELA at Senate: Fate Uncertain

Members of the **Senate Judiciary** committee, which held its hearing on reauthorization of the Satellite Television Extension and Localism Act Wed, seem determined to keep gathering info before deciding on whether the Senate version of the bill should be clean and if not, what it should include. But committee chair *Patrick Leahy* (D-VT) seemed anxious to move the process forward. "A STELA reauthorization should not be partisan or controversial—it should be a moment for the Senate to come together," he said. The hearing followed the House tech subcommittee's passage of a draft legislation on Tues. It featured an encore performance by *Marci Burdick*, **NAB** TV board chair, who testified at a recent House hearing. As expected, she asked the legislators to keep the renewal narrow. STELA isn't "a vehicle for additional reforms that expand the scope of the license or undermine broadcasters' ability to serve our local communities," she said. *Ellen Stutzman*, dir of research and public policy at **Writers Guild of America West** agreed. But **DISH's** sr counsel *Alison Minea* and **Public Knowledge's** sr staff attorney *John Bergmayer* pushed for including retrans reforms, with DISH recommending 2 solutions to end blackouts: A mandatory "standstill" during a retrans impasse and a more limited solution that would allow pay-TV ops to import a distant network station when the local affil withholds its signal during a dispute. However, such moves would "undermine the locally-oriented contractual exclusivity of the network-affiliate relationship," Burdick said. Several lawmakers touted bcst TV's localism: "Local content means a lot to Vermonters, which is why I have worked to ensure that every single satellite subscriber in the state has access to local news and weather," Leahy said. *Amy Kobuchar* (D-MN) and fellow MN Democrat *Al Franken* also praised broadcasters' local programming efforts. The pair, especially Franken, also fired shots at the **Comcast/Time Warner Cable** merger. While Bergmayer and Stutzman also blasted the deal, Minea said DISH hasn't taken a position. The committee is set for a hearing on the transaction on April 9. Responding to *Orrin Hatch* (R-UT)'s question on the impact of JSAs, Minea said some broadcasters point to instances in which JSAs and SSAs have led to more local news or other benefits. DISH doesn't object to such arrangements as its primary concern is when separate stations collude on external functions, particularly retrans. It's uncertain when the Senate will drop its STELA draft. The chamber's Commerce committee, chaired by *Jay Rockefeller* (D-WV), is scheduled for a hearing on April 1. The committee has sought input, and parties including **ACA**, **NCTA**, **DirectTV** and **DISH** responded (**CFX**, 3/20).

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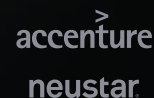


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DISH-DirecTV Again: Does the proposed **Comcast-Time Warner Cable** combo give more credence to the latest round of **DirecTV-DISH** merger chatter? Such stories have re-emerged a few times a year since the gov't's rejection of a '02 merger attempt between the 2. Of course, Comcast could raise the stakes for actually getting a deal done. Still, some aren't sure it would pass regulatory scrutiny, including DTV mgmt, according to the *Bloomberg* report that got tongues wagging again Wed. Shares of the satellite companies spiked, with DISH closing up 6% and DirecTV up almost 6%. "It's not hard to see why the two would be interested in a deal... Unfortunately, the odds of successfully completing a merger must be deemed relatively low. The appropriate analogy to a DirecTV/DISH Network combination isn't Comcast/Time Warner Cable. It's **Sprint/T-Mobile**," **MoffettNathanson** said in a blog post, citing potential horizontal concentration issues.

Murdochs Rising: **21st Century Fox** appointed *Lachlan Murdoch* as non-exec co-chmn, serving with chmn/CEO *Rupert Murdoch*. *James Murdoch* was elevated to co-COO, working with pres/COO *Chase Carey* to set the strategic direction of the company. He'll now have direct responsibility for **Fox Networks Group**, as well as responsibility for the strategic and operational development of the company's interests in **Sky** and **Star** services in Europe and Asia. James will continue to report to Carey. Lachlan will work with sr mgmt and the board to develop global strategies and will guide the overall corporate agenda. In other news, 21CF said Fox Nets chmn/CEO *Peter Rice* has extended his contract.

Extra Philly Games: **Comcast SportsNet Philly** said it reached deals with the "vast majority" of its affiliate partners for additional Phillies games (at least 33 games are moving from broadcast to the RSN). As is typical with these extra packages, distributors who don't pony up extra money for the games will see them blacked out. **Comcast** said it's in negotiations with a "remaining few and believe they recognize the value these additional games present to their customers." *The Philadelphia Inquirer* reported Tues that Verizon hadn't yet reached a deal, while Comcast (surprise) has agreed to the surcharge. **DISH** and **DirecTV** don't carry the RSN.

TiVo Scores Deal: **WaveDivision** will develop and deploy co-branded versions of **TiVo's** primary whole-home TV solution and user experience, with initial deployment planned for mid-year. The TiVo suit will be Wave's primary offering for all 415K of its residential and business customers, in WA, OR and CA, as well as **Astound** customers in the San Fran Bay area.

Advertising: **Cox Media** is teaming with **Invidi** for a series of addressable advertising trials that would deliver messaging according to viewer geographic, demographic, and other pre-determined viewer qualifiers. -- Cable TV ad expenditures rose 7.3% YOY in '13, led by double-digit growth in the automotive, consumer package goods, restaurant and telecom categories, reports **Kantar Media**. The sector also saw a 1.3% increase in the amount of paid ad time. On the other hand, network TV expenditures dropped 3.4% for the full year, with gains from live sports programming hit by the absence of the Olympics. The lack of political money saw spot TV fall 8.1% for the year.

Rovi Patent Suit: A UK court dismissed **Rovi's** claim that MSO **Virgin Media** is infringing on 2 of its patents. The vendor said it will review its appeal options. It also noted that the decision relates to only 2 patents, with several other patents pending in litigation against Virgin. "Rovi has successfully licensed other services like the one at issue in this case with leading companies throughout the world. In fact, the **TiVo** service that is being utilized by Virgin Media is currently licensed under the Rovi patent portfolio in the United States," said *Samir Armaly*, Rovi's evp, worldwide IP and licensing.

Lightpath Goes Big: **Lightpath** announced availability of a 100GB Optical Transport Service for a flat, monthly recurring charge. The **Cablevision** division said a media company already has deployed it to move video across the NY region.

Effective Competition: The FCC Media Bureau processed several pending effective competition petitions Wed, releasing an order granting 55 unopposed petitions from various cable companies, including **Bright House**, **Charter**, **Time Warner Cable**, **Comcast** and **Cox**. Such a declaration exempts systems from cable rate regulation in their franchise areas.

Upfronts: **AMC** is taking the plunge into scripted comedy, greenlighting pilot "We Hate Paul Revere," which tells the story of 2 brothers trying to get the recognition they feel they deserve in Colonial Boston. It's set to shoot in 3Q for consideration next year. It's not the net's only attempt at funny, with several scripted comedy projects in development including a half-hour series drawing inspiration from *John Leguizamo's* life and "No Money Down" (wt), about a guy who bottoms out and starts working at an interesting Austin car dealership. AMC also announced an overall deal with *Dave Erickson* ("Sons of Anarchy"), who in addition has been engaged to co-write, along with *Robert Kirkman*, the unnamed "The Walking Dead" companion series. Scripted dramas in development include conspiracy thriller "Area 51" (wt) and "Paradise Lost,"

BUSINESS & FINANCE

(wt) a group of friends who withdraw from society to create a more positive community—or so they try. The development slate is lengthy, including everything from an “Untitled *Billy Corgan Wrestling Project*” to docuseries “Prison Redemption.” -- **E!**'s slate of upfront announcements includes the net's 1st original scripted series, “The Royals,” a **Lionsgate** drama about a fictional British Royal family set in modern day London (debuts next year). Other shows on tap include surgery docuseries “Botched” (Sept) and “Escape Club,” 20-somethings try to keep their spots at an exotic resort (June 8). Specials include sending **E!**'s signature “Live from the Red Carpet” to the iHeart Radio Music Awards for the first time (May 1).

Ratings: The finale of **CMT's** “Party Down South” on Thurs became the most-watched season finale ever with 1.06mln total viewers (based off Live+3 ratings). Season 2 debuts June 5.

Programming: **E! Rey** will renew 1st original scripted series “From Dusk Till Dawn: The Series” for a 13-ep S2.

ESPN Leads Sports Emmys: **ESPN** led the 35th annual Sports Emmy nominations, with 30 noms. Rounding out the top 5: **Fox** (18), **HBO Sports** (15), **NBC** (14) and **NBCSN** (14). Other cable nets in the running include **MLB Net** (13), **NFL Net** (10), **TNT** (9), **ESPN2** (8), **Showtime** (8) and many more. The awards will be presented May 6, with *Ted Turner* slated to receive a lifetime achievement award.

CableFAX Daily Stockwatch

Company	03/26 Close	1-Day Ch	Company	03/26 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
21ST CENTURY FOX:	32.07	(0.44)	GOOGLE:	1131.97	(26.75)
DIRECTV:	77.34	4.17	HARMONIC:	6.71	(0.09)
DISH:	62.09	3.67	INTEL:	25.38	(0.08)
DISNEY:	78.62	(0.93)	JDSU:	13.89	(0.39)
GE:	25.62	(0.08)	LEVEL 3:	37.74	(1.47)
MSOS					
CABLEVISION:	16.66	0.07	MICROSOFT:	39.79	(0.55)
CHARTER:	123.11	(1.01)	NIELSEN:	43.91	(0.24)
COMCAST:	49.62	(0.05)	RENTRAK:	61.87	2.82
COMCAST SPCL:	48.49	(0.04)	SEACHANGE:	10.19	(0.13)
GCI:	11.05	(0.24)	SONY:	18.05	(0.2)
LIBERTY GLOBAL:	40.56	(0.5)	SPRINT NEXTEL:	8.97	(0.09)
LIBERTY INT:	28.27	(0.19)	TIVO:	12.98	(0.21)
SHAW COMM:	23.34	0.20	UNIVERSAL ELEC:	38.05	(2.64)
TIME WARNER CABLE:	134.92	(0.74)	VONAGE:	4.27	(0.14)
PROGRAMMING					
AMC NETWORKS:	72.02	(1.26)	YAHOO:	35.45	(0.48)
CBS:	61.96	(1.18)	TELCOS		
CROWN:	3.44	UNCH	AT&T:	34.61	(0.11)
DISCOVERY:	82.48	(0.54)	VERIZON:	47.01	(0.21)
GRUPO TELEVISA:	32.54	0.92	MARKET INDICES		
HSN:	59.42	(0.22)	DOW:	16268.99	(98.89)
INTERACTIVE CORP:	71.98	0.67	NASDAQ:	4173.58	(60.69)
LIONSGATE:	25.77	(1.01)	S&P 500:	1852.56	(13.06)
MADISON SQUARE GARDEN:	56.12	(0.84)			
SCRIPPS INT:	73.91	(0.8)			
STARZ:	31.60	(0.26)			
TIME WARNER:	64.65	(0.9)			
VALUEVISION:	4.89	(0.19)			
VIACOM:	84.74	(0.74)			
WWE:	27.53	(2.18)			
TECHNOLOGY					
ADVANTAGE:	3.16	(0.02)			
ALCATEL LUCENT:	3.69	(0.03)			
AMDOCS:	46.08	(0.18)			
AMPHENOL:	91.47	(1.25)			
AOL:	43.83	1.58			
APPLE:	539.78	(5.21)			
ARRIS GROUP:	28.25	0.15			
AVID TECH:	6.27	(0.09)			
BLNDER TONGUE:	0.92	(0.01)			
BROADCOM:	31.70	(0.1)			
CISCO:	22.32	(0.02)			
CONCURRENT:	8.44	(0.03)			
CONVERGYS:	21.61	(0.09)			
CSG SYSTEMS:	25.81	(0.62)			
ECHOSTAR:	47.28	(0.23)			

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Think about that for a minute...

Zero Sum

Commentary by Steve Effros

We've all heard the old wisdom: radio didn't wipe out newspapers, television didn't destroy radio and cable didn't eviscerate broadcasting. But now, for some reason, the chattering classes seem to think that broadband "OTT" will kill cable, that "mobile" smartphones and tablets will become the preferred substitute for video watching by the young and that all of this is a "zero sum" game in which whenever there is something new the "old" are eliminated. It's far more subtle than that, and it's time we engaged in the discussion of how they all are likely to work together, not destroy each other.

To be sure, things change. The use of technology, particularly technologies that do the same thing, result in the substitution of one for the other. I'm not saying that never happens. What's going on in the telephone industry today is a good example. The "wireless" phone is replacing the "wired" phone. There are two reasons for that; first the wireless and wired phone essentially do the same thing. It is one-to-one voice communication. One uses wires, the other uses spectrum. When the wireless service started it was spotty and of questionable quality and reliability. But over the years that has changed, and now an increasing number of folks rely solely on those wireless phones. The wires may ultimately be going away, not because a different service came along that superseded telephone conversations, but because a new technology to do the same thing has matured. The second reason is more complicated: the new "phones" also do a lot of other stuff. That's why they're called "smartphones." They are really small, portable computers, and they work very well. But they're not going to replace computers.

That's the point. The "smartphone" is additive to the new



data experience. That experience started with DSL but quickly outgrew that technology and became "broadband." To be sure, the growth of the Internet has been spectacular, but there is very little indication that the various ways in which it is delivered and used are in a "zero sum" battle. Instead, when at home we use the more robust wireline data delivery and when moving around, either at home or away, we use wireless, be it cellular or WiFi. Both work well. I wouldn't want to be without either. The likelihood that one will totally supersede the other is slim, at least in the foreseeable future.

If you listen to some folks, there is absolute need for a massive amount of new spectrum to be assigned to wireless broadband so that it can achieve the needed bandwidth (speed) to compete with wireline broadband. Others argue that newer technology, such as fiber to the home, is necessary so we can have "1 Gig" broadband service, although no one has yet figured out exactly what the average home user would need all that bandwidth for. What we're hearing is competitors promoting their visions. That's great. They are all trying to get either benefits for themselves or restrictions on their competitors in the constant jockeying that goes on as telecommunications moves forward. But don't let all the talk fool you. There is very little indication that "OTT" for instance, watched on portable devices, will prove to be a substitute for the extensive larger-screen linear television viewing that takes place in most homes today. The two delivery mechanisms, generally to different devices, are complementary. The same, it appears, is likely to be the case with linear video delivery and "on demand" delivery. They are complementary, not "zero sum."

Steve

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