

# CableFAX Daily™

Wednesday — June 25, 2014

What the Industry Reads First

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## AT&T-DirectTV: Lawmakers Worry about Prices, Prices, Prices & Rural US

While several issues came up during **Sen** and **House Judiciary** subcmte hearings Tues on **AT&T** and **DirectTV's** proposed merger, one got more air time than all the others—consumer prices. Sen Judiciary Antitrust chmn **Amy Klobuchar** (D-MN) tried to pin down AT&T CEO **Randall Stephenson** on whether the transaction would make customers' bills decrease, but he never went farther than saying it would create "downward pressure" for the combined company and the industry as a whole. The big pricing synergy should be that AT&T U-verse's programming costs line up more with that of DirectTV, the companies argued. But how much, if any, of that is passed on to consumers remains to be seen. Sen **Richard Blumenthal** (D-CT) was direct in questioning: "The best you can promise us is that price increases will be mitigated?" "Yes, sir," Stephenson answered. DirectTV CEO **Mike White** jumped in, declaring that the merger should create better bundles. The emphasis on prices should surprise no one, given the heat **Comcast** evp **David Cohen** has taken in previous hearings over not being able to promise that acquiring **Time Warner Cable** would lower prices. The best Cohen could offer is that it won't make prices rise. Interestingly, many members on the House Judiciary side used the hearing to push for DirectTV carriage of local channels in their districts, usually rural. Rural was a hot button overall, with a lot of emphasis put on what the merger could mean for rural America (AT&T has pledged better Internet service in rural areas through the combo). **ACA** svp, govt affairs **Ross Lieberman**, who like Stephenson and White testified at both hearings, used the venue to push for reform that would help his members. "Smaller operators are already there [in rural America]," he told lawmakers. "They're having difficulties with programming prices... If you can address that issue, you could empower those operators that are already in those markets" with savings trickling down to consumers. The most vocal endorsement of the merger Tues seemed to come from Rep **Hank Johnson** (D-GA), who praised AT&T's unionization and diversity. With non-union DirectTV, "you should assume [employees] will be offered the same option to collectively bargain or not," post-merger, Stephenson told Johnson, who had **CWA's** support of the merger read into the record. So rural-focused was some of the discussion that Klobuchar made a dig at AT&T for being the "only national carrier not carrying RFD-TV." White quickly responded with, "I think I'll have an opportunity to convince Randall [Stephenson] that RFD-TV is a great network to

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carry.” Comcast-TWC’s proposed merger came up several times in both hearings. “Where does this end?” Rep *John Conyers* (D-MI), ranking member of House Judiciary, asked, wondering if there may be “too much and too rapid” consolidation in telecommunications.

**NBCU Upfront:** Reports poured in Tues that **NBCU** had completed its upfront sales. Across cable, satellite and digital, ad sales reached \$6bln, up from \$5.4bln a year ago. The company is believed to have sold about 80% of its inventory in the upfront, similar to its performance in 2013. The rest will be sold in the scatter market.

**TNT Drama Shines:** No surprise that **ESPN**’s World Cup coverage ranked as last week’s most-viewed programs, taking 1st and 2nd place. But edging out futbol for the #3 and #4 position were 2 **TNT** dramas—“Rizzoli & Isles” (5.8mln total viewers Tues) and the premiere of “The Last Ship” on Sun (5.3mln). TNT also had the week’s 6th and 7th most-watched programs (Sun’s Sprint Cup coverage and Mon’s “Major Crimes”). Management has made it clear that improving ratings is a top priority (see **Time Warner** CEO *John Martin*’s memo earlier this month), so TNT’s #1 finish in prime this week had to feel good (0.9 P2+ rating/2.2mln P2+ delivery). **USA** and **History** tied for 2nd place (0.8/1.9mln).

**Comcast-TWC Merger:** In a letter, **Sen Judiciary** antitrust subcmte’s chmn and ranking member told the **FCC** and **DOJ** that the merger’s impact on innovation will be a key part of the analysis, especially when it comes to online video distribution. Sens *Amy Klobuchar*’s (D-MN) and *Mike Lee*’s (R-UT) letter highlighted issues raised during the subcmte’s hearing on Comcast-TWC, as well as other concerns including the possibility of raising prices for content, such as RSNs.

**More JSA Fighting:** Republican commish *Ajit Pai* and *Michael O’Rielly*, vocal opponents of the **FCC**’s JSA order, fired shots at the rules again. In addition to 3 stations in SC and AL slated to go dark as a result of the new policy, 3 stations in NE and ND recently went off the air, the pair said in a joint statement. “Before the Commission’s restriction on JSAs, agreements were in place to save these stations,” they said, noting that **Exalibur Broadcasting** was going to purchase **NBC**-affiliated **KHAS**, and Fox affils **KNDX** and **KXND**, but couldn’t because the new rules prohibited JSAs in these markets.

**Retrans:** **DirecTV** began carrying **NBC** affil **KOMU 8** and Mid-Missouri’s **CW** affil again on Fri after the satellite distributor reached a multi-year deal with **KOMU**, an auxiliary enterprise of the **University of MO**. “More than anything, we are happy to be back on DirecTV. We want to extend a huge thank you to our viewers for their patience and support during these difficult negotiations. Our commitment to our community has never been stronger,” said **KOMU 8** gm *Marty Siddall* on the station’s website. The agreement with DirecTV expired on Mar 31, and the stations went dark in April because the parties couldn’t agree on fees.

**More AT&T Fiber Expansion:** Add Chapel Hill to **AT&T**’s Gigapower markets in NC. The telco reached an agreement with the city to deploy fiber-based broadband that offers speeds of up to 1 Gbps in parts of town. Like the previous deals with Durham, Raleigh, Cary and Winston-Salem, the latest agreement was done through the NC Next Generation Network.

**Shark Week’s 27th Season:** Can **Discovery** top Snuffy the Seal? That will be the big question when Shark Week returns Aug 10 for its 27th run. The 2014 iteration will feature the most premiere hours ever, with 13 shows coupled with live talk show, “Shark After Dark,” each night. More than Snuffy is on the line. Last year’s programming stunt was the most-watched Shark Week in the event’s history. Affiliates will offer advanced screenings, social promotions, sweepstakes and hefty VOD offerings. Snuffy, by the way, is still alive, with his own **Facebook** and **Twitter** pages. Other marketing elements include a **Toys R Us** Shark Week display (launches July 1) featuring shark products (and seal toys!).

**Programming:** **Lifetime** is adding some horror and suspense to its original programming slate. It will premiere its original movie “Big Driver,” based on *Stephen King*’s novella, this fall. The film, starring Golden Globe nominee *Maria Bello*, tells the story of a novelist hell bent on revenge after the core of her psyche is broken following a brutal crime. It marks the net’s 1st collaboration with King. Production starts this summer. -- **Animal Planet** booked 6 new eps and an additional special of its fresh series “The Pool Master” to return Spring 2015. -- Season finale of **Showtime**’s “Penny Dreadful” airs Sun at 10pm ET.



# BUSINESS & FINANCE

**Get Gets Carriage:** Sony Pictures classic film TV digital network **getTV** has signed an affiliation deal with **Sinclair**, which will bring the sub-channel to 33 additional markets. With the new agreement, Get's clearance level is close to 70% of US TV HHs. It has deals in 40 of the top 50 DMAs.

**On the Circuit:** To raise awareness among girls age 12 to 18 about careers in computer science, **Scripps** will host a workshop for 100 Girls of Code, a program of the **Tennessee Code Academy**, in Knoxville on June 30. The summer program seeks to help girls gain interest in computer programming, web development, gaming and computer apps.

**People:** David Weil joined **Starz** as evp and general counsel, business and legal affairs, replacing evp/general counsel/secretary **Steve Beabout**, who's retiring after 18 years as general counsel. Weil, previously CEO of **Walden Media/Bristol Bay Productions** for 10 years, will report to **Chris Albrecht**, CEO of Starz. -- **SundanceTV** promoted **Jordan Helman** to vp, development and current programming, reporting to **Nena Rodrigue**, SundanceTV head of original programming. -- **Paul Abbott**, former gen counsel to the **MA Dept of Telecom and Cable**, has returned to **Mintz, Levin, Cohn, Ferris, Glovsky and Popeo**. He'll concentrate on matters affecting cable and broadband providers.

## CableFAX Daily Stockwatch

Company	06/24 Close	1-Day Ch	Company	06/24 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	84.54	(0.07)	CONVERGYS:	20.72	(0.14)
DISH:	62.19	(0.3)	CSG SYSTEMS:	25.47	(0.08)
ENTRAVISION:	5.64	0.28	ECHOSTAR:	52.26	(0.12)
GRAY TELEVISION:	11.26	0.09	GOOGLE:	564.62	(0.33)
MEDIA GENERAL:	18.47	0.74	HARMONIC:	7.44	(0.02)
NEXSTAR:	43.01	(0.17)	INTEL:	30.50	0.27
SINCLAIR:	29.24	UNCH	INTERACTIVE CORP:	69.26	(0.13)
<b>MSOS</b>					
CABLEVISION:	17.46	0.02	JDSU:	11.75	(0.15)
CHARTER:	151.06	(0.57)	LEVEL 3:	43.93	(0.68)
COMCAST:	52.64	0.21	MICROSOFT:	41.74	(0.24)
COMCAST SPCL:	52.31	0.19	NIELSEN:	48.30	UNCH
GCI:	11.00	(0.16)	RENTRAK:	51.59	(0.11)
GRAHAM HOLDING:	710.59	(2.03)	SEACHANGE:	7.71	UNCH
LIBERTY GLOBAL:	42.99	0.27	SONY:	16.64	(0.14)
LIBERTY INT:	28.92	(0.06)	SPRINT NEXTEL:	8.24	(0.12)
SHAW COMM:	24.45	(0.18)	TIVO:	12.60	0.01
TIME WARNER CABLE:	143.30	0.83	UNIVERSAL ELEC:	47.64	0.09
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	34.21	(0.13)	VONAGE:	3.68	0.06
AMC NETWORKS:	60.62	(0.04)	YAHOO:	33.48	(0.16)
CBS:	58.84	(0.16)	<b>TELCOS</b>		
CROWN:	3.50	UNCH	AT&T:	35.29	(0.1)
DISCOVERY:	74.34	(0.11)	CENTURYLINK:	36.36	(0.37)
DISNEY:	82.68	(0.08)	TDS:	25.35	(0.14)
GRUPO TELEvisa:	34.70	0.19	VERIZON:	49.28	(0.45)
HSN:	58.29	(0.34)	<b>MARKET INDICES</b>		
LIONSGATE:	27.95	(0.07)	DOW:	16818.13	(119.13)
MADISON SQUARE GARDEN:	59.82	(0.58)	NASDAQ:	4350.35	(18.32)
SCRIPPS INT:	80.38	(1.28)	S&P 500:	1949.98	(12.63)
STARZ:	29.23	(0.16)			
TIME WARNER:	68.24	0.05			
VALUEVISION:	4.99	(0.15)			
VIACOM:	85.34	(0.15)			
WWE:	11.65	(0.21)			
<b>TECHNOLOGY</b>					
ADDVANTAGE:	2.89	0.01			
ALCATEL LUCENT:	3.53	(0.13)			
AMDOCS:	47.25	0.02			
AMPHENOL:	96.17	(0.93)			
AOL:	38.76	0.77			
APPLE:	90.28	(0.55)			
ARRIS GROUP:	32.62	(0.41)			
AVID TECH:	7.58	0.08			
BROADCOM:	36.68	(1.21)			
CISCO:	24.53	(0.17)			
CONCURRENT:	7.68	(0.2)			

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