

CableFAX Daily™

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What the Industry Reads First

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FCC Focus: Transparency, Sunshine & Shot Clocks Headline GOP Reform Draft

Draft legislation from Republicans for FCC reform would require the agency to survey the industry with a Notice of Inquiry before initiating a new rulemaking. And NPRMs would have to come within 3 years of NOIs, include specific text of proposed rules and allow a minimum period for comment. Those exact issues are part of NCTA's criticism of a program carriage NPRM on circulation right now, with the association and several MSOs complaining that the docket is more than 3 years old and based on a brief NPRM that "raised a small number of issues with no proposed rules." The legislation will be the subject of a Wed **House Communications** subcommittee hearing that will include testimony from former FCC commish and Frontier chief legal officer *Kathleen Abernathy*, **Broadband for America** honorary co-chair and former GOP senator *John Sununu* and **Consumer Federation of America's** *Mark Cooper*. If a final rule imposes "burdens on consumers or industry," the draft bill would require the FCC to identify market failure and consumer harm justifying the burden, perform a cost-benefit analysis and create performance measures for its continued evaluation. House Republicans have been critical of the net neutrality order approved by the FCC in Dec, voting to disapprove of them (the resolution hasn't gone anywhere in the Dem-controlled Sen). The FCC reform draft would provide sunshine reform—something outgoing Dem commish *Michael Copps* has long called for—by allowing 3 commissioners to meet for collaborative discussions if they do so in a bipartisan manner with Office of Gen Counsel oversight. Other provisions in the draft would require more transparency on pending orders, would allow a bipartisan majority of commissioners to put an item on the FCC's agenda (something that can currently only be done by the chmn) and put shot clocks on each type of proceeding it oversees. "There is growing consensus that the FCC process needs reforming. Under chairmen from both parties, the FCC has fallen into practices that weaken decision-making and jeopardize public confidence," said a majority memo. Most of the proposals in the GOP draft were broadcast last month during a hearing on FCC reform.

At Our Deadline: DISH late Mon announced it had reached a retrans deal with **Woods Communications** restoring Fox's WCOV in Montgomery, AL. Terms weren't disclosed.

Getting Foxy: Fox continues to change up its affiliation deals, announcing that **Koplar Comm's** KRBK is replacing

The **mani-cure** for the common reality show.

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Nexstar's KSFY as the Fox affil in Springfield, MO (DMA 74). KRBK is currently a **MyNetwork** affil. It will broadcast both Fox and MyNetwork programming come Sept 1. It's replacing Nexstar in the Ft Wayne, IN, DMA (107th largest DMA) with **Granite Broadcasting's WISE** (Aug 1). Nexstar's affil agreements expired in June of last year, and negotiations have been underway since then. The sticking point appears to be Fox's kickback on retrans rev. Last month, Fox replaced Nexstar in Evansville, IN, and a **Block Comm**-owned affil in Boise, ID. Nexstar still has 5 Fox affils and 5 **Mission** Fox affils that they oversee. Negotiations between Fox and Nexstar continue over those deals, 8 of which also expired last year.

Tippling Point: In responding to a request from **Starz**, **Netflix** recently pulled the **Sony** movies that are part of the streaming StarzPlay service available at its site. At issue is Starz's and Sony's film output deal that includes a clause whereby Starz must remunerate Sony when its digital video offerings eclipse a specified level of IP-enabled subs. Unknown is whether the issue, said to be temporary, may induce a quick renewal of Starz's Netflix deal that expires next year, but **BTIG's Rich Greenfield** believes the "impasse creates a catalyst to trigger an earlier renegotiation between Netflix and Starz... We suspect Starz wants to have a sense of what its new Netflix deal looks like, before it renegotiates with Sony in terms of how much of the dollar upside goes to Sony vs. Starz." As Netflix currently pays Starz an estimated \$30m/annually, CEO *Reed Hastings* recently said he wouldn't be shocked if the renewal tallies \$200m/ann or more, and several analysts including Greenfield believe the number could hit \$300m/ann. New eps of Starz originals no longer hit Netflix until 90 days after their debut, and the net has said 1st-run movies will follow suit.

Online: Discovery Comm launched **Curiosity.com**, which seeks to create a global conversation with individual and expert contributors around some of life's most profound questions and kicks off the company's multi-year, multi-platform content initiative dubbed "Curiosity." The site features contributors such as *Elie Weisel* and *Ted Leonsis*.

Technology: Comcast is using tech from **Cisco**, **Juniper Networks** and **Ciena** to support the new Metro Ethernet services it's offering to mid-sized businesses in more than 20 markets. Helping provide the advanced services are Cisco's ASR 9000 router series, Ciena's CESD platforms and Juniper's routing and switching solutions.

No Go: MLB commissioner *Bud Selig* refused to approve the Dodgers' proposed transaction with **Fox**, saying he didn't believe it was in the best interest of the franchise, the game and fans. Dodgers owner *Frank McCourt* valued the 17-year deal at near \$3b/ann, while MLB put it at closer to \$1.7b/ann, the *L.A. Times* reported. A divorce settlement hammered out Fri with McCourt's ex-wife was contingent on Selig's approval of the deal, as it called for an upfront payment of \$385m/ann by Fox. Fox declined comment Mon afternoon. "Critically, the transaction is structured to facilitate the further diversion of Dodgers assets for the personal needs of Mr. [Frank] McCourt. Given the magnitude of the transaction, such a diversion

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BUSINESS & FINANCE

of assets would have the effect of mortgaging the future of the franchise to the long-term detriment of the club and its fans," Selig said.

Programming: CNN lost sr White House correspondent *Ed Henry* to Fox News. Fox's *Wendell Goler* and *Mike Emanuel*, who had shared White House responsibilities, were given new assignments. Emanuel was named chief congressional correspondent, while Goler was name sr white house and foreign affairs correspondent.

Honors: Outstanding Game Show Host *Ben Bailey* of **Discovery Channel's** "Cash Cab" notched cable's lone win at the Daytime Ent Emmys, although several nets including leader **Nickelodeon** (11) earned Daytime Ent Creative Arts Emmy wins. **Hallmark Channel** (2), **The Hub** (2), **A&E**, **Food Net**, **MTV** and **Nick Jr** also scored.

Business/Finance: Comcast Ventures and Cisco were part of a crowded Series D funding round of more than \$50mln for **iControl Networks**, a provider of software and services for the broadband home management market. The company's tech powers Comcast's Xfinity Home Security service. -- According to **Bloomberg**, **LightSquared** and **Sprint** have officially inked a deal to share network expansion costs and equipment. -- **Google** has acquired for an undisclosed amount **SageTV**, which develops software for smart TVs, DVRs and other devices.

CableFAX Daily Stockwatch

Company	06/20 Close	1-Day Ch	Company	06/20 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	46.92	0.28	BLNDER TONGUE:	1.81	(0.02)
DISH:	27.89	0.14	BROADCOM:	31.25	(0.36)
DISNEY:	38.23	0.19	CISCO:	15.14	0.17
GE:	18.48	(0.01)	CLEARWIRE:	3.63	0.03
NEWS CORP:	16.89	0.13	CONCURRENT:	5.76	(0.26)
MSOS					
CABLEVISION:	35.30	(0.74)	CONVERGYS:	13.19	0.35
CHARTER:	56.03	(0.78)	CSG SYSTEMS:	17.88	0.11
COMCAST:	23.69	0.04	ECHOSTAR:	33.63	0.56
COMCAST SPCL:	22.54	0.12	GOOGLE:	484.58	(0.44)
GCI:	11.99	(0.23)	HARMONIC:	6.90	(0.04)
KNOLGY:	14.36	(0.18)	INTEL:	21.32	0.14
LIBERTY CAPITAL:	77.37	0.30	JDSU:	15.78	0.27
LIBERTY GLOBAL:	40.04	(0.49)	LEVEL 3:	2.15	0.03
LIBERTY INT:	15.51	(0.26)	MICROSOFT:	24.47	0.21
SHAW COMM:	20.77	0.02	MOTOROLA MOBILITY:	24.49	(0.29)
TIME WARNER CABLE:	74.40	(0.24)	RENTRAK:	16.92	(0.51)
VIRGIN MEDIA:	29.75	(0.16)	SEACHANGE:	10.18	0.10
WASH POST:	415.95	(3.03)	SONY:	24.28	(0.64)
PROGRAMMING					
CBS:	26.37	0.49	SPRINT NEXTEL:	5.21	0.02
CROWN:	1.73	0.08	THOMAS & BETTS:	50.73	0.16
DISCOVERY:	40.91	0.51	TIVO:	9.88	0.10
GRUPO TELEVISA:	23.15	0.27	UNIVERSAL ELEC:	24.38	0.16
HSN:	30.73	(0.11)	VONAGE:	4.12	0.04
INTERACTIVE CORP:	36.30	0.15	YAHOO:	14.99	0.29
LIBERTY:	40.84	0.28	TELCOS		
LIBERTY STARZ:	72.45	0.66	AT&T:	30.96	0.19
LIONSGATE:	6.27	0.03	VERIZON:	35.65	0.14
LODGENET:	3.25	(0.06)	MARKET INDICES		
NEW FRONTIER:	1.35	(0.03)	DOW:	12080.38	76.02
OUTDOOR:	6.09	0.08	NASDAQ:	2629.66	13.18
SCRIPPS INT:	46.57	(0.57)	S&P 500:	1278.36	6.86
TIME WARNER:	35.34	0.21			
VALUEVISION:	8.03	0.19			
VIACOM:	55.34	0.40			
WWE:	9.52	(0.05)			
TECHNOLOGY					
ADVANTAGE:	2.55	(0.03)			
ALCATEL LUCENT:	5.21	0.07			
AMDOCS:	28.70	0.03			
AMPHENOL:	50.13	(0.03)			
AOL:	20.23	(0.34)			
APPLE:	315.32	(4.94)			
ARRIS GROUP:	10.70	0.05			
AVID TECH:	17.42	(0.09)			
BIGBAND:	2.07	UNCH			



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EYE ON INNOVATION

Innovation Overflow

Innovation was the dominant theme at The Cable Show, mainly regarding content provisioning across platforms/devices and the industry's increasing fondness for and use of IP-based services. But relegated to the wings or perhaps under the radar were a couple issues that receive mention here, as do a few notes from a busy confab.

Usage-based broadband pricing has been tested and ditched (under pressure) by cable ops in the past, but with bandwidth consumption growing and broadband the most deadly weapon in the industry's arsenal—competitive toxins aren't cheap, ya know—many on Wall St believe such models are both imminent and a necessity.

"Usage based pricing is on everyone's lips... and we continue to feel that we are on the brink of an announcement on this score," said **Sanford Bernstein's Craig Moffett** in reflecting on the show. "Notably, Federal Trade Commission Chairman **Jonathan Liebowitz** offered this opinion: 'I don't understand why [broadband] metering hasn't taken off... [In all other kinds of businesses] people pay for what they use.'"

Moreover, during an event session **Citigroup's Jason Bazinet** posited that widespread cable adoption of UBP would please industry investors and goose cable ops' share prices by signaling an offensive move as more content is moving online.

Cable One recently intro'd a broadband metered billing structure that charges 50 cents per GB for overage (**Cfax**, 5/17), a tactic that's becoming popular. A true scaled, or tiered, pricing model based on usage likely can't be far behind.

Meanwhile, as **ESPN's** "Friday Night Fights" will come out punching Fri night for the 2nd time on **ESPN3D**, a platform that was billed as a contender for much of

last year was treated more like a bum tomato can last week.

"3D TV is... well, I don't know what it is, because it wasn't even mentioned. Ever," said Moffett. "A year and a half ago, at the Consumer Electronics Show in Las Vegas, 3D TV was all the rage. Not anymore. 'nuff said."



Perhaps some results from a study conducted by **NPD** and commissioned by **CTAM** point to reasons for the sound of crickets that accompanied 3DTV last week. More HDTV owners are satisfied with their picture than are 3DTV owners, for example, and only two-fifths of HDTV owners are satisfied with the amount of 3D

programming available. Plus, only 47% of 3DTV owners are satisfied with having to wear glasses and just 60% believe the 3rd viewing dimension is worth the price.

With programming costs already accelerating like Speed Racer, it's not very surprising that many media companies have left their production plans for 3D content in the garage. Marrying the Web to the TV has become a hotter topic in recent months anyway, with **DirecTV** and **DISH** bent on connecting set-tops to the Internet and **Morgan Stanley's Ben Swinburne** wondering last week why cable ops don't make the same push [*Editor's Note: CableFAX will hold a Webinar on Connected TV in July. More info: <http://tinyurl.com/3uo3k4a>*]

Cablevision has taken a different path with Optimum Connect, a service allowing subs to stream the Web directly on their TV screens via PCs. The MSO's evp, product management **John Trierweiler** interestingly said that customers are primarily using the service to interact with personal media stored on computers such as videos and photos. CVC's iPad app, meanwhile, has been warmly received by customers, said Trierweiler, noting that the app experienced a 3mIn increase in hours of use during the NBA Finals' commencement weekend.

-Chad Heiges

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