

CableFAX Daily™

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What the Industry Reads First

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Still Going: CBS, Time Warner Cable Remain at War

With **CBS-Time Warner Cable's** dispute ticking past the 72-hour mark, it remains to be seen whether either side will seek intervention from regulators. "We continue to evaluate our options at the **FCC** and elsewhere," a TWC spokesperson said Mon. Broadcasters and MVPDs sometimes file complaints at the Commission, arguing that the other party isn't negotiating in good faith. Whenever a big skirmish like this occurs, some get their hopes raised that Congress or the FCC might enact retrans reform, but Washington has been reluctant to do so for years. **ACA**, as per usual, urged Congress and the FCC to act. "While this is a possibility at some point down the line, retrans 'reform' (if it comes to that) cannot be resolved in a vacuum—we believe scrutiny would also come down on the entire cable network bundle (think **CVC-VIAB** lawsuit here)... We do not anticipate much change without substantial overhaul to the entire TV programming ecosystem, which is clearly not a quick fix," **Wells Fargo Securities** said in a note to clients. Sometimes members of Congress take interest in a dispute, as then-Sen *John Kerry* (D-MA) did during Cablevision's impasse with **Fox** in 2010. But with Congress in recess until Sept 9, it may be difficult to drum up Hill support. There has been little movement since CBS O&Os, **Showtime, TMC, Flix** and **Smithsonian** channels went dark on TWC at 5pm ET Fri (**Bright House** also lost the premium nets and some CBS and **CW** stations—**WWJ, WKBD, WTOG, KCAL**—since TWC handles its programming negotiations). Mon's latest had TWC proposing to accept a rate increase "reluctantly agreed to" before negotiations broke down. The TWC proposal would keep the existing digital rights of the recently expired contracts. That would mean CBS couldn't insert any new language, TWC subs wouldn't get TVE app Showtime Anytime and CBS wouldn't get any new money for digital. If the broadcaster doesn't like that, TWC said it would be willing to carry its stations on an a-la-carte basis with CBS setting the price. "This way, rather than our debating the point, we would allow customers to decide for themselves how much value they ascribe to CBS programming," TWC CEO *Glenn Britt* wrote in a letter to CBS chief *Les Moonves*. CBS didn't mince words in its response. "Today's so-called proposal is a sham, a public relations vehicle designed to distract from the fact that Time Warner Cable is not negotiating in good faith," CBS said in a statement. "Anyone familiar with the entertainment business knows that the economics and structure of the cable industry doesn't work that way and isn't likely to for quite some time. In short, this was an empty gesture from a company that is expert at them." That actually prompted another statement from TWC, which said

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its efforts to get CBS back on its systems are “sincere... In addition to our a la carte proposal, we’ve offered an increase and the exact same contractual terms both companies have successfully operated under for nearly five years. We cannot understand why that is not enough for CBS. We’re disappointed in their lack of responsiveness, particularly to our request for them to quit unfairly blocking the free content available on CBS.com from our Internet customers. We hope they will return to the table to negotiate in good faith on behalf of our customers and their viewers.” The **American TV Alliance**, which counts TWC and **DISH** as members, said the FCC needs to step in and protect those impacted by CBS’ Internet blackout. Meanwhile, CBS touted that ratings for its stations in NYC, L.A. and Dallas were just dandy, with weekend coverage of the World Golf Championships up 150% in viewers and late local news averages for the stations also on the rise. In primetime, CBS’ “Unforgettable” was the most-watched entertainment program in viewers (6.96mln) and “Big Brother” was up 18% in viewers. Weekend developments included **DirectTV** issuing a “statement of support” for Time Warner Cable: “Just like the characters in CBS’ ‘Under the Dome,’ all pay TV customers are feeling trapped and helpless as broadcasters expect them to absorb ridiculous rate increases for the exact same programming.” Nope, no dramatics here...

Levy Elevation: David Levy was named pres, **Turner**, effective immediately. It is just one of a series of changes at Turner, with CEO *Phil Kent* to step down at year-end and Time Warner CFO/CAO *John Martin* succeeding him. Levy, previously Turner’s pres of sales, distribution and sports, adds oversight of Turner’s domestic entertainment and animation & young adults networks and business portfolios to his current oversight of advertising sales, affiliate sales and sports units. He will continue to lead ad sales strategy and ops and maintain oversight of sports programming acquisitions, league relations, etc.

Consolidation Chatter: Don’t believe everything you read in the press. That’s the gist of a **Cox** memo from pres *Pat Esser*, who told employees that he had not met with reps from **Charter** or **Liberty Media** to discuss a merger. “While our standard policy is not to comment in the press on rumors related to mergers and acquisitions, the media continues to persist with these rumors and I felt it important to let you know that they are just that—rumors and speculation,” Esser wrote in the memo, according to the *Atlanta Journal Communications* (also a part of **Cox Ent**). An article from *Bloomberg* Fri started the latest tongue wagging as investors seem eager for someone to merge with an MSO.

Ratings: Live +7 numbers gave **Disney’s** “Teen Beach Movie” another 5mln total viewers, making in the #2 movie in cable TV history (13.53mln). It’s behind only “High School Musical 2.”

Quotable: “Ultimately over the long term I think that the whole video product is eventually going to go to the Internet. I’m not willing to cede that position now, and I’ve got a lot of customers that buy my video product... [but] the handwriting is on the wall, particularly when you look at young customers,” **Cablevision** CEO *Jim Dolan* in an interview with the *WSJ*.

Honors: *Stephanie Mitchko-Beale*, **Cablevision’s** svp of video infrastructure and software, is the winner of the 2013 Women in Technology Award, bestowed by *WICT*, *SCTE* and **CableFAX**. She’ll be honored during *SCTE Expo* (Oct 21-24, Atlanta). The award, sponsored by **Bright House**, was created in 1995 to recognize leading technology professionals. Past winners include *Jennifer Yohe Wagner*, *Susan Adams*, *Leslie Ellis* and *Nomi Bergman*.

Earnings: Mediacom Broadband, subsidiary of **Mediacom Communications**, posted \$230.2mln in revenue in 2Q, up 2.8% YOY. It added 2K primary service units vs a net decline of 4K units in the year-ago period. Basic video subs decreased to 549K in the quarter from 579K in the year-ago quarter. Internet subs increased to 525K from 493K. The other subsidiary **Mediacom LLC** added 2K primary service units vs a net decline of 4K unites in the prior year period. Its video subs decreased to 434K from 458K while Internet data subs increased slightly to 423K. Revenue was up 3% YOY to \$175.6mln. -- Helped by ongoing expansion of its advanced broadband network, **Hawaiian Telcom’s** video service revenues increased to \$2.9mln while broadband revenues grew to \$9.8mln during 2Q. The company added 7200 new TV subs to reach a total of 12,600 subs at the end of the period. It enabled an additional 17K HHs with IPTV, reaching a total of 100K IPTV-enabled HHs. TV ARPU was up 12% YOY. Meanwhile, consumer broadband subs grew 4.34% YOY to 89,700. More than half of all video subs had a triple-play bundle while 88% subscribed to a double, or triple-play bundle. Overall, the provider posted \$4mln in profit, down from \$5.5mln from the year-ago period due to a loss on early extinguishment of debt, an increase in depreciation and amortization and a tax charge.

People: Universal Sports named *Ed Derse*, formerly of **GameFly**, as svp, digital media and strategic partnerships. -- **Golf Channel** named **ESPN’s** *Adam Hertzog* as vp, news and studio productions.

BUSINESS & FINANCE

Obit: Sad to report that *Ray Joslin*, former pres & group head of **Hearst Ent & Syndication**, passed away Fri. He was 76. Joslin spent 35 years in cable, almost 25 at Hearst. He was an initial partner in **Continental Cablevision** and a past president of the **CA Cable Television Assn** and **OH Cable TV Assn**. A memorial service is being planned for Sept in Greenwich, CT. In lieu of flowers, donations may be made to the Joslin Family Scholarship fund at Trinity College, 300 Summit Street, Hartford, CT 06106, phone: 860-297-2000. -- Cable pioneer *David Palmer Joseph Patrick Mooney* passed away on July 25. He was 74. For more than 30 years, he and his wife, Robbie, operated **Gilmer Cable TV Co** in Gilmer, TX, reported *The Gilmer Mirror*. The Mooneys brought service to their 1st customer in '81 and continued operations until Aug 31 last year when failing health and other factors led to the decision to terminate the company, the paper reported.

Business/Finance: CommScope filed with the **SEC** for a proposed IPO. It intends to use the net proceeds to redeem a portion of CommScope's 8.25% sr notes due '19 and to pay related fees, expenses and premiums, with the remainder going to general expenses. **The Carlyle Group** took the vendor private 2.5 years ago in a deal valued at \$3.9bln. **J.P. Morgan, Deutsche Bank Securities** and **BofA Merrill Lynch** are lead book-running managers for the proposed IPO.

CableFAX Daily Stockwatch

Company	08/05 Close	1-Day Ch	Company	08/05 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	61.73	0.32	HARMONIC:	7.81	0.03
DISH:	44.71	(0.51)	INTEL:	22.92	(0.3)
DISNEY:	66.02	(0.49)	JDSU:	14.77	(0.32)
GE:	24.52	(0.18)	LEVEL 3:	22.43	0.10
NEWS CORP:	31.36	(0.17)	MICROSOFT:	31.70	(0.19)
MSOS					
CABLEVISION:	19.65	0.04	RENTRAK:	21.33	(0.09)
CHARTER:	130.15	(3.85)	SEACHANGE:	11.95	0.06
COMCAST:	45.63	(0.09)	SONY:	21.76	0.14
COMCAST SPCL:	43.80	0.04	SPRINT NEXTEL:	6.88	0.21
GCI:	9.47	0.02	TIVO:	11.04	0.09
LIBERTY GLOBAL:	79.60	0.68	UNIVERSAL ELEC:	30.04	(0.72)
LIBERTY INT:	25.22	0.42	VONAGE:	3.17	(0.03)
SHAW COMM:	24.97	0.08	YAHOO:	27.67	0.02
TIME WARNER CABLE:	116.42	(0.68)	TELCOS		
WASH POST:	568.70	8.75	AT&T:	35.67	(0.1)
PROGRAMMING					
AMC NETWORKS:	69.41	(0.04)	VERIZON:	50.21	(0.04)
CBS:	53.86	(0.67)	MARKET INDICES		
CROWN:	2.82	(0.02)	DOW:	15612.13	(46.23)
DISCOVERY:	82.43	0.24	NASDAQ:	3692.95	3.36
GRUPO TELEVISIA:	27.45	(0.38)	S&P 500:	1707.14	(2.53)
HSN:	63.27	0.27			
INTERACTIVE CORP:	50.55	0.83			
LIONSGATE:	33.94	0.24			
SCRIPPS INT:	72.88	(0.1)			
STARZ:	24.89	0.11			
TIME WARNER:	64.47	0.18			
VALUEVISION:	6.15	0.08			
VIACOM:	79.34	(0.44)			
WWE:	10.46	0.06			
TECHNOLOGY					
ADVANTAGE:	2.55	-0.00			
ALCATEL LUCENT:	2.63	0.11			
AMDOCS:	38.75	0.08			
AMPHENOL:	79.37	0.28			
AOL:	35.40	(0.39)			
APPLE:	469.45	6.91			
ARRIS GROUP:	15.47	0.23			
AVID TECH:	5.85	0.06			
BROADCOM:	27.04	0.15			
CISCO:	26.31	0.12			
CONCURRENT:	8.29	0.07			
CONVERGYS:	19.51	0.08			
CSG SYSTEMS:	24.04	UNCH			
EHOSTAR:	41.38	0.74			
GOOGLE:	905.00	(1.57)			



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TONY WEINER
VP and Chief Technical Officer, Comcast Cable

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CableFAX TECH

Cox Gets Personal

Cox reports that a recent study of consumer preferences found Cox video subs spent nearly 60% of their viewing time on “convenience” TV content rather than live TV. Over half of respondents said they use streaming video players, and usage is both increasing and extending beyond the primary TV set. Perhaps that’s why the MSO has launched new personalized video service “Contour” s the “first in the U.S. to suggest shows, movies for individuals across TV, tablet, DVR.” The MSO seeks to integrate personal recommendations into a guide that allows up to 8 different user profiles. Initially available on the iPad through the Contour app, users can create a personal playlist with their favorite shows, set DVR recordings from their iPad and start viewing content on the iPad and continue watching on TV with a touch. The app allows access to more than 90 cable channels of live TV and VOD content. In addition, the “my library” feature includes a watch list of selected content and access to individual TV network apps. An Android version of the app is expected by year-end, *Steve Necessary*, vp, video product development and support, told us. From an MSO’s perspective, the key to a personalized, 2nd-screen experience includes “unique and personal recommendations,” “device flexibility,” “content breadth,” and “location utility,” Necessary said. “Consumers want access to content both inside and outside the home... While programming rights play a part in this, we’ve focused on providing as much capability in all locations as possible,” he said. Cox is working with its brand agencies to launch a campaign on Contour, of which he said consumer education is a critical component. In addition to an overview video about the service, Cox has videos walking customers through recommendation set-up, profile management and app instructions. While Cox worked with **ThinkAnalytics** on the recommendation engine, it partnered with **Cisco** on the app and guide. Meanwhile, Cox is exploring broadband TV services by trialing flareWatch in Orange County, CA, offering 97 live channels and 30 hours of network DVR storage for \$35 a month. The service uses **Fanhattan’s** Fan TV set-top. The

startup initially launched as a guide solution for streaming services. It later developed its own set-top device, Fan TV, which provides access to streaming services in conjunction with cable or satellite programming. Cox is Fanhattan’s first cable MSO client.

Usage Solution: OpenVault, which provides real-time usage, data, and analytics, became an **NCTC** approved vendor for broadband usage data analytics and policy management. For MSOs, the company seeks to offer access to accurate network data, tools to increase revenue and the ability to launch new data services. The company also seeks to educate subscribers on their monthly usage using its software as a service (SaaS) platform through a MSO-branded web portal.

WiFi: Sorry **AT&T**, **Google** and **Level 3** are taking over **Starbucks**. At least when it comes to connectivity. Under a multi-year deal, the 2 companies will co-develop a Starbucks Digital Network that seeks to deliver up to 10 times faster WiFi speeds at new Starbucks outlets starting Aug. Starbucks will also convert more than 7K of its US stores over the next 18 months to the upgraded network managed by Level 3.

Aloha: Hawaiian Telcom has big plans for its broadband and IPTV expansion: It expects to reach 250K homes with its advanced broadband network and IPTV service by the end of ’14. The provider already completed its goal of expanding broadband network to 100K HHs on Oahu in 2 years after the commercial launch of Hawaiian Telcom TV, *Eric Yeaman*, pres/CEO said in the company’s 2Q earnings release. Wireless backhaul, as part of Hawaiian Telcom’s wholesale business, is another bright spot during the quarter. It connected 252 cell sites to its fiber network and has 180 additional sites under contract to build.

People: Ensequence appointed *David Kline* as COO. He will lead the development of new interactive advertising products and services working with distributors, programmers and advertisers. Prior to Ensequence, Kline was pres/COO of **Cablevision Media Sales**.

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