

CableFAX Daily™

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What the Industry Reads First

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Verizon CFO: Cable Joint Venture is Over

For the cable circle, the big news that came out of **Verizon's** 3Q conference call Thurs isn't its FiOS-driven 40% YOY profit growth, but the termination of **Verizon Wireless'** innovation technology jv with cable companies. "We are moving in our separate ways on that," CFO *Fran Shammo* said. The JV, which ended in late Aug, was created in Dec '11 as part of Verizon Wireless' spectrum purchase from a group of cable MSOs—**Comcast, Time Warner Cable, Bright House** and **Cox**. The parties' commercial agreements, which allow them to resell and market each other's services, remain in place. The innovation JV was formed to enable R&D in integrated wireless and wireline products and innovative services. However, "evolving technology and market changes" have led the companies to conclude a joint venture, per se, is no longer needed to offer innovative services, a Verizon spokeswoman said. Having said that, the telco and cable companies will look for ways to collaborate in the future, she said. Perhaps the so-called "changes" include the explosion of cable TV apps such as **Comcast Xfinity** apps in the past 2 years, many of which are compatible with Verizon's mobile platforms. It probably doesn't make sense to divert resources to create a hybrid R&D team if the companies' collaboration is already introducing Xfinity services to Verizon's sub base. Then there is Verizon's pending purchase of **Vodafone's** stake in Verizon Wireless, which Shammo said will give the company "more of a converged middle" with consumer products between FiOS and Wireless. "We no longer have the artificial wall up between the affiliate transactions or anything like that," he said. Financially, retrans disputes during 3Q, including **Time Warner Cable's** month-long spat with **CBS**, probably helped FiOS video sub growth. Verizon picked up 135K new FiOS video customers and 173K FiOS Internet subs, compared to 119K TV and 136K Internet subs from a year ago. FiOS revenue grew 13.4% YOY to \$2.8bln in the quarter. At the end of the quarter, the telco had 5.2mln FiOS TV subs with a 35% penetration rate and 5.9mln FiOS Internet subs with a 39% penetration rate. Similar to elsewhere in the ISP space, the company is gaining traction with its faster speed tiers, such as FiOS Quantum. More than half of its FiOS Internet sales in the quarter were at speeds of 50 Mbps or above. The overall consumer monthly ARPU increased to nearly \$113, up 8.7% YOY. Shammo noted roughly 2/3 of FiOS subs have triple-play. The telco continues its aggressive migration of customers from copper to fiber network. It converted 80K during the quarter and is on track to exceed its target of converting 300K this year, Shammo said. In the B2B space, he said FiOS is gaining share against cable in the SMB sector as it turned its focus to connecting shopping malls, business centers and other commercial locations. Outside FiOS markets, it's hard for DSL to compete with DOCSIS 3.0 speeds, the financial chief acknowledged. Overall, the telco posted 78 cents EPS in 3Q, up from 56 cents in the year-ago period.

TWC-CBS Post Mortem: **Time Warner Cable** and **CBS** may have settled their retrans spat, but the problems that created the month-long blackout impacting more than 3mln TWC customers are far from over. So says a 13-page letter to the **FCC** from TWC that breaks down the MSO's viewpoint on the dispute (and renews its plea for retrans reform). TWC called out CBS for blocking its content on **CBS.com** to all of the MSO's 11mln HSD customers across 29 states, and

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Access Intelligence, LLC, 4 Choke Cherry Road, 2nd Floor, Rockville, MD 20850

suggested the FCC consider the conduct when reviewing CBS' O&O stations for license renewals. "Although CBS is quick to say it broke no laws in implementing these punitive and coercive measures, we believe they are wholly at odds with CBS's good-faith duties (if 'good faith' is to have any meaning) and public interest obligations as a Commission licensee," TWC wrote. While the MSO lamented skyrocketing retrans consent fees, it also said retrans deals are increasingly limiting "the ability of consumers to enjoy the rights granted by the statutory compulsory copyright license," adding that confidentiality obligations prevent it from elaborating. TWC repeated its call for retrans change in the form of stopping broadcasters from pulling signals during disputes, requiring binding adjudication in disputes and preventing broadcasters from using sharing agreements with competing stations to negotiate retrans. But it added a new recommendation: prohibit broadcasters from blocking MVPDs' Internet subs from accessing broadcast content generally available to the public at no charge.

Cruz Control: Sen *Ted Cruz* (R-TX) dashed hopes for Senate confirmation of FCC chmn nominee *Tom Wheeler* Wed night. The lawmaker placed a hold on the nomination until he gets answers to his questions involving political ad disclosures. GOP FCC nominee *Michael O'Rielly* isn't going anywhere either as Dems won't confirm him without Wheeler. Cruz threatened in July at a **Sen Commerce** vote on Wheeler to delay his nomination until he felt he had adequately explained his position on the DISCLOSE Act. "Mr. Wheeler had previously declined to give specific answers, but as he's now expressed his readiness to revisit the Senator's questions, the Senator hopes to communicate with him soon," a Cruz aide said Thurs. Senate leadership had tried to take up the FCC nominations Wed night after voting to reopen the govt and extend the debt ceiling. **Stifel Nicolaus** analysts believe the 3-member Commission will be reluctant to take on big items such as the incentive auction or wireless spectrum-aggregation limits. "We're also skeptical it will act on a draft order to give **Comcast/NBCU's** outside attorneys the right to look at online video provider deals with other content companies if the provider invokes the 'benchmark' condition from FCC approval of the Comcast-NBCU merger," said a research note from the firm. Meanwhile, the FCC was back in business after the 16-day govt shutdown. "We have already taken immediate steps to remedy disruptions caused by the shutdown and will be issuing further guidance very soon," interim FCC chair *Mignon Clyburn* said in a statement Thurs. With many FCC services unavailable during the shutdown (including access to electronic dockets on its Website), the agency is suspending all FCC filing deadlines that occurred during the shutdown or that will occur on or before Mon until further notice. Network outage reporting deadlines are still in place. The FCC will issue further guidance on revised filing deadlines.

Hulu Honcho: *Mike Hopkins* made his hire as **Hulu's** new CEO official Thurs, sending a note to staffers expressing his excitement about the job. "The fact is, through all the recent uncertainty not only have you kept this business together, but you've continued to deliver on every key performance metric," he wrote. "In fact, you are delivering one of the strongest years Hulu has ever seen: We expect revenues to be close to a billion dollars this year, and Hulu Plus subscribers continue to climb." Already on Hulu's board, Hopkins has served as pres of **Fox Networks** distribution since July '08. He joined Fox in '97 as dir, affiliate sales. Fox Nets declined to comment on replacement plans. Another Mike—evp, distribution *Mike Biard*—would be a logical successor. Hulu has been without a permanent CEO since *Jason Kilar* resigned in Mar. *Andy Forssell*, Hulu's svp of content, distribution, has been serving as chief in the interim.

More PARTICULARS: **WICT** announced the honorees of its Best Companies for Women in Cable, based on the results of its '13 PAR survey. **Cox** and **Comcast** tied for 1st place in the Best Operator category. They were followed by **Bright House**,

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BUSINESS & FINANCE

Time Warner Cable, Midcontinent and Suddenlink. NBCU won the title of Best Programmer for Women in Cable. **Discovery** was runner-up, followed by **Disney** (3rd place), **Scripps** (4th) and **Turner** (5th).

Cable WiFi: Comcast isn't sitting around as AT&T and Google ready gigabit networks in cities like Austin and Provo. The MSO launched its Xfinity WiFi network in UT with more than 1K hotspots, covering areas from Ogden to Provo. The service is free for Xfinity home broadband subs and available for non-subs for \$2.95 per hour and up to \$19.95 for a week. The network is part of Comcast's nationwide system that includes more than 300K hotspots.

Standards: Intel joined the SCTE Standard Program and will be working on the development of new energy and operations standards and practices for the cable telecom industry. Specifically, the chip giant will work with MSO and vendor members of the program's Sustainability Management Subcommittee to create solutions that will reduce energy consumption and costs, increase service availability, extend equipment service life and maximize the use of available power.

Aereo vs FilmOn: District courts have reached conflicting opinions regarding **Aereo** and competitor, **FilmOn**. **CableFAX.com** columnist and attorney **George Medlock** shows how the courts are struggling with applying existing laws to emerging tech—and what that means for MSOs.

CableFAX Daily Stockwatch

Company	10/17 Close	1-Day Ch	Company	10/17 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
21ST CENTURY FOX:	34.32	0.38	GOOGLE:	888.79	(9.23)
DIRECTV:	62.40	1.05	HARMONIC:	7.83	0.07
DISH:	48.89	0.29	INTEL:	23.92	0.23
DISNEY:	66.42	0.07	JDSU:	15.17	0.11
GE:	24.68	0.32	LEVEL 3:	27.98	0.78
MSOS					
CABLEVISION:	15.73	(0.26)	MICROSOFT:	34.92	0.28
CHARTER:	137.71	(1.3)	NIELSEN:	37.91	0.75
COMCAST:	47.47	0.49	RENTRAK:	36.30	0.16
COMCAST SPCL:	45.82	0.40	SEACHANGE:	13.65	0.25
GCI:	9.75	0.23	SONY:	20.03	0.27
LIBERTY GLOBAL:	77.85	0.97	SPRINT NEXTEL:	6.42	0.12
LIBERTY INT:	26.33	0.24	TIVO:	12.56	0.05
SHAW COMM:	24.23	0.51	UNIVERSAL ELEC:	36.65	0.52
TIME WARNER CABLE:	118.63	1.18	VONAGE:	3.63	0.04
WASH POST:	647.00	(0.1)	YAHOO:	32.74	(0.34)
PROGRAMMING					
AMC NETWORKS:	70.74	0.70	TELCOS		
CBS:	58.44	0.85	AT&T:	34.44	0.24
CROWN:	3.25	0.01	VERIZON:	48.90	1.65
DISCOVERY:	81.37	0.59	MARKET INDICES		
GRUPO TELEVISIA:	29.50	0.55	DOW:	15371.65	(2.18)
HSN:	53.21	0.58	NASDAQ:	3863.15	23.71
INTERACTIVE CORP:	54.71	(0.19)	S&P 500:	1733.15	11.61
LIONSGATE:	35.82	0.09			
MADISON SQUARE GARDEN:	57.85	0.38			
SCRIPPS INT:	78.84	0.55			
STARZ:	30.01	0.47			
TIME WARNER:	67.95	(0.05)			
VALUEVISION:	5.00	0.03			
VIACOM:	83.26	0.65			
WWE:	11.53	0.29			
TECHNOLOGY					
ADVANTAGE:	2.46	0.00			
ALCATEL LUCENT:	3.75	0.06			
AMDOCS:	36.93	0.07			
AMPHENOL:	81.12	2.07			
AOL:	32.99	(0.44)			
APPLE:	504.50	3.39			
ARRIS GROUP:	16.40	(0.36)			
AVID TECH:	6.66	0.07			
BROADCOM:	27.05	0.04			
CISCO:	22.78	(0.21)			
CONCURRENT:	7.17	0.22			
CONVERGYS:	19.30	0.15			
CSG SYSTEMS:	26.20	0.19			
ECHOSTAR:	47.32	(0.38)			

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PROGRAMMER'S PAGE

Royal Secret, Take Two

Once upon a time, 4 royal bachelors left their servants, cooks and drivers behind, and traveled to... Texas to go undercover to find love on the 2nd Season of TLC's "Secret Princes" (Oct 25, 10p). That entails taking on low-wage jobs, living in modest homes and dressing like, in their own words, "typical Texas people." Apparently that means Hawaiian shirts and trucker hats. *Prince Harry* is not part of the cast, but that shouldn't hurt viewership because the occasionally romantic and mostly hilarious series stands out from the 100 other dating shows out there with its "fish out of water" element. According to TLC East Coast vp of production & development *Alon Orstein*, "there's a real culture clash angle... Having these individuals travel to a foreign country and adapt to dating, work, social interactions, etc. in an entirely different way than their accustomed to—gives it a distinctive slant and broadens the narrative from simple dating show to more of a life journey experience," he told us. Given Season 1's solid performance, the team didn't tamper much with the creative. TLC's venture into the dating reality genre wasn't love at first sight: An imported "Undercover Princes" from **BBC** didn't do so hot. For the US version, the net looked to amplify the storytelling by focusing more on "fleshing out the romantic journey," Orstein said. The undercover premise provides some built-in drama and humor but "we wanted to shine a bigger light on the fairy tale aspect and allow for more of an emotional experience as the storylines evolved," he said. So did the nobles find love? *Prince Alexander* of Russia, a direct descendent of the *Romanoff* dynasty, told us he met "a lot of amazing women" in Austin, where the season was shot. His only complaint? People in Austin only go out 3 nights a week! For those looking for love, including non-royals, his advice is "always be yourself and be honest." Guess going undercover doesn't work here. – *Joyce Wang*

Reviews: "Dancing on the Edge," premiere, Sat, 10p, **Starz**. When writer *Stephen Poliakoff* was researching "The Lost Prince" he learned about *Prince George* (1902-42), a playboy with an affinity for jazz. George, his brother the *Prince of Wales*, and other rebellious aristocrats used to go clubbing in London and befriended black jazz musicians, including young *Duke Ellington*. "Dancing" asks whether the privileged ultimately would support their musical friends. While Dancing is interesting as history, it works less well as drama. Still, it includes strong work from *Chiwetel Ejiofor* and *Matthew Goode*. Costumes and sets are exquisite, too. -- "Big Shot," Tues, 8p, **ESPN HD**. "Entourage" cast member *Kevin Connolly* directs with a sure hand in this passion project, a doc about how his hometown hockey team, the NY Islanders, was owned, albeit briefly, by huckster *John Spano*, whose fraudulent machinations would make *Bernie Madoff* envious. Connolly tells a terrific story, including how Spano insured the Islanders' stability through a deal with **Cablevision**. He also scores an interview with Spano. -- "What If... Armageddon 1962?" Tues, 10p, **Destination America**. On the 50th anniversary of *JFK's* assassination, this interesting special, based on *Jeff Greenfield's* book, speculates about how the Cuban missile crisis and Vietnam might have turned out differently had *Richard Pavlick* succeeded in killing JFK in '60, making *BJ* president. – *Seth Arenstein*

Basic Cable Rankings (10/07/13-10/13/13)			
Mon-Sun Prime			
1	TBSC	3.2	3196
2	ESPN	2.2	2149
3	FOXN	1.6	1534
4	DSNY	1.5	1487
4	AMC	1.5	1443
6	USA	1.3	1316
6	HIST	1.3	1269
8	NFLN	1.2	874
9	A&E	1.1	1055
9	FX	1.1	1046
9	DSE	1.1	81
12	TNT	1	986
13	ADSM	0.9	938
13	HGTV	0.9	928
15	NAN	0.8	795
15	TLC	0.8	781
17	LIFE	0.7	733
17	SYFY	0.7	732
17	FOOD	0.7	689
17	MSNB	0.7	688
17	FAM	0.7	675
17	ID	0.7	597
17	HALL	0.7	573
24	DISC	0.6	646
24	TVLD	0.6	634
24	SPK	0.6	584
24	CMDY	0.6	582
24	BRAV	0.6	557
24	DSJR	0.6	390
30	ESP2	0.5	500
30	MTV	0.5	498
30	TRU	0.5	456
30	APL	0.5	439
30	BET	0.5	435
35	CNN	0.4	423
35	EN	0.4	412
35	VH1	0.4	379
35	LMN	0.4	346
35	DXD	0.4	340
35	OWN	0.4	327
35	NKJR	0.4	317
35	OXYG	0.4	285
35	HMC	0.4	194
44	TRAV	0.3	311
44	WE	0.3	286
44	NGC	0.3	281

*Nielsen data supplied by ABC/Disney



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