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### TWC, FOX REACH DEAL

The terms haven't been disclosed, but Time Warner Cable and Fox have reached a deal on retransmission fees. Fox had been seeking a one dollar-per subscriber fee from TWC for offerings delivered free and over the air in many markets. As the deadline for a deal approached, it appears Time Warner decided it couldn't forsake Fox and its hit shows such as "American Idol" and "The Simpsons."



One analyst predicted the Fox deal could up the ante to five billion dollars a year in retrans fees, which would likely be paid by subscribers. Others see a smaller overall impact. For instance, Leslie Moonves of CBS announced last month his network will seek 250 million dollars in retrans fees.

### BIGGEST BLUNDERS?

The Hollywood Reporter came up with a list of the top ten mistakes made by the broadcasting industry over the past decade. Drumroll, please:

10. Fox cancels "Family Guy."
9. NBC hires Ben Silverman.
8. ABC overloads with "Who Wants to Be a Millionaire?"
7. Ryan Jenkins hired for two reality shows but murders wife and self instead.
6. Jay Leno cut from the "Tonight" Show and goes to prime time.
5. Election night, 2000. Oops!
4. MyNetworkTV debuts.
3. Janet Jackson "wardrobe malfunction" at Super Bowl XXXVIII.
2. ABC passes on "CSI."
1. The 2007 writer's strike.

# The VAB Voice



January, 2010

## 2010 VAB CONVENTION SET FOR MAY 27

The VAB will present its 55th Annual Convention on Thursday, May 27 at the Capitol Plaza Hotel and Conference Center in historic Montpelier.



Keep an eye on your mailbox and the VAB website at [www.vab.org](http://www.vab.org) for contest entry info, seminar schedules, convention registration and more, coming soon!

We will feature morning and afternoon seminars designed to help your salespeople and managers make the most of their skills and help your station's bottom line.

legal issues and regulations.

We also expect to present an update on FCC

Plus, during our luncheon at the Capitol Plaza, we'll announce the winners of the 2009 Commercial of the Year Awards.



Ready for 3-D TV?

## SAT LAUNCH FUELS 3D SPECULATION

On December 28, DirecTV successfully launched its latest satellite, DirecTV 12, into orbit from the Baikonur Cosmodrome in Kazakhstan. That gives DirecTV eleven satellites and its fifth HD satellite. It has also spurred industry speculation that the new bird will be used to provide 3D programming for an all 3D channel, perhaps later this year. The channel, according to reports, would feature movies, sports and special events in 3D. Already, a number of HD TV manufacturers such as Sony, Panasonic and LG, have developed HD 3D capable TV sets and are naturally supporting expansion of 3D HD broadcasting. DirecTV may announce its 3D plans at the CES electronics show this week in Las Vegas. So far, they're only saying the new bird will let them deliver 200 HD channels, up from 130 now. If and when it happens, you'll need more than a 3D compatible HDTV set. You'll need a special set of glasses to watch the broadcasts. At least some things don't change!



## MUSIC LICENSING UPDATE

The Radio Music Licensing Committee ("RMLC") has announced it has entered into agreements with both ASCAP and BMI for interim royalties to be paid by commercial radio stations until final royalties are set. These royalties will be set either through negotiation or through litigation in Federal Courts. The RMLC has been involved in negotiations seeking a significant reduction in the royalties paid by radio stations for the right to make a public performance of musical compositions (or "musical works"). Both organizations have agreed to a 7% reduction in the amount currently paid by radio broadcasters, to be reflected on the invoices sent by these organizations for 2010 royalties. The discounts are interim agreements only, and will be subject to retroactive adjustment to January 1, 2010 once final royalties are set.



This money goes to composers of music, as contrasted to the controversial SoundExchange royalties that pay the performers of music (currently only in the digital world, but proposed in legislation pending before Congress to be extended to over-the-air broadcasting). ASCAP and BMI are essentially collection agencies for large groups of songwriters. By paying royalties to these organizations and to SESAC, broadcasters obtain a "blanket license" to play all the songs covered by songwriters who are members of these organizations.

The agreements for the interim rates are not currently available for public review. Thus, it is unclear if the agreements will be applied to all broadcasters, or only those that have elected to be part of the RMLC negotiating group.

Does the decrease in rates, even if on a temporary basis, signal that there will be a permanent decrease in the rates? In short, it should not be viewed as a guarantee. While the fact that the Performing Rights Organizations agreed to these decreases might be seen as a sign that these companies recognize that there is a different radio economy that needs to be reflected in lower royalty rates, it could also be seen as a recognition that even a hearing on temporary rates is an expensive process. The PROs recognize that RMLC will be holding out for a decrease in rates, and that they would be arguing for that decreased rate even on an interim basis. Thus, to avoid the costs of litigation, and since any interim decrease in rates would be recaptured if a higher permanent rate is set, the PROs could have agreed to these rates simply to avoid the costs of litigation. So don't start counting on these reductions being permanent - that will take significant litigation (or extensive negotiations) to accomplish. So this is by no means the end of the story. Watch as these events develop over time.

- David Oxenford of Davis Wright Tremaine.davidoxenford@dwt.com.



### CAPITOL MATTERS

## LPFM EXPANSION CLEARS HOUSE, SENATE NEXT UP

Proponents of expansion of LPFM stations are rejoicing over the U.S. House passage of a measure that would eliminate, except in certain cases, third-adjacency frequency protection for existing stations. The measure would open up hundreds of new LPFM's around the country.

The legislation passed by voice vote on Dec. 16 after some extra protections against possible interference were added. For instance, any new LPFM would not be allowed to interfere with an incumbent station, including FM translators or booster stations.

Also, for the first year, a new LPFM would have to announce that it may be interfering with an existing station. The announcements would advise anyone suffering from interference problems to contact the FCC.

New LPFM's on third-adjacent frequencies would be required to fully cooperate to address any interference problems that may be reported. Third channel protection would continue for stations that use subcarriers to broadcast radio reading services for the vision impaired.

The bill also tells the FCC not to license LPFM's at the exclusion of FM translators or boosters. And the FCC would be asked to conduct an economic study on the community impact of LPFM stations.

Both NPR and the NAB had initially raised concerns about the bill, but withdrew their objections after the additional protections were added. The NAB is still seeking language that would designate LPFM's as "secondary" broadcast services.

The bill now goes to the Senate, where eventual approval is expected.

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