

ABC returns to Cablevision, but talks go on

March 8 2010, By KAREN MATTHEWS , Associated Press Writer



A Cablevision sign is seen in New York, Sunday, March 7, 2010. Cablevision subscribers were scrambling Sunday to hook up antennas or find live TV on the Internet in order to watch the Academy Awards after ABC's parent company Walt Disney Co. switched off its signal in a dispute over fees. (AP Photo/Seth Wenig)

(AP) -- Cablevision and ABC were negotiating a deal Monday that tentatively ended a dispute over fees and restored millions of viewers' access to the Academy Awards telecast in New York, New Jersey and Connecticut shortly after the broadcast began.

The two sides, who had been hammering at each other for days in the media, said a deal had been reached Sunday night, nearly 15 minutes into the Oscar awards broadcast.

Neither side released details about the deal, and it was unclear how permanent it would be.

Rebecca Campbell, president and general manager of WABC-TV, said the companies had "reached an agreement in principle."

"Given this movement, we're pleased to announce that ABC7 will return to Cablevision households while we work to complete our negotiations," she said in a statement.

Cablevision Systems Corp. spokesman Charles Schueler welcomed ABC's programming back to the cable operator's lineup and seemed to praise the deal.

"It is a deal that is fair to our customers and in line with our other programming agreements," he said.

A stalemate in the dispute had led ABC's parent company, the Walt Disney Co., to pull its programming from the cable operator's subscribers at midnight Saturday. The move, which imperiled viewers' access to the highly rated Oscar show broadcast, marked the first time in a decade that a major broadcast station went dark in a dispute with a cable company.

The signal was switched on at 8:43 p.m. Sunday, Cablevision said. The awards show began at 8:30 p.m.

Disney Chief Executive Bob Iger was seen in the Oscar audience, about a minute after Cablevision announced it had reached a deal to get the telecast on the air.

The cable operator's subscribers had been scrambling to hook up antennas or find live TV on the Internet to watch the Academy Awards after the signal was switched off.

The companies traded blame for the stalemate ahead of one of the most-

watched nights of television.

"Cablevision has once again betrayed its subscribers," said Disney spokeswoman Charissa Gilmore. "Cablevision pocketed almost \$8 billion last year, and now customers aren't getting what they pay for ... again."

The dispute is another example of how networks are struggling to find profits as advertising revenue dwindles and programming costs grow. Networks are transmitted freely over the airwaves, but expensive event programming has led the companies behind them to increasingly demand fees from cable TV and satellite operators for retransmitting those signals.

Cablevision had argued that Disney was seeking an additional \$40 million a year in new fees, even though the company pays more than \$200 million a year to Disney.

Disney countered that Cablevision charges customers \$18 per month for basic broadcast signals but does not pass on any payment for ABC to Disney.

The dispute is similar to a standoff at the end of last year between News Corp. and Time Warner Cable over how much Fox television station signals were worth. That tussle, which threatened the college football bowl season and new episodes of "The Simpsons," was resolved without a signal interruption.

Cablevision also feuded with Scripps Networks Interactive Inc. in a January dispute that temporarily forced the Food Network and HGTV off the service. Neither side provided terms of an agreement that restored the channels after three weeks.

Disney was asking Cablevision to pay about \$1 per subscriber per month, the same amount that News Corp. demanded from Time Warner in their dispute. Some analysts think News Corp. eventually accepted about 50 cents per subscriber.

Derek Baine, a senior analyst at SNL Kagan, said that if all four networks charged \$1, that would total \$4 a month in new fees. Most cable companies couldn't absorb that cost increase and would have a hard time passing them onto consumers, he said.

"That's a lot of money," Baine said. "They're just playing chicken here."

Disney's previous contract with Cablevision expired more than two years ago, but it was extended month by month as talks continued. Under previous arrangements, Disney gave away its ABC broadcast signal for free, a situation that most broadcasters are now trying to change.

WABC-TV is the most-watched TV station in the country, said Disney, which is based in Burbank, Calif.

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Citation: ABC returns to Cablevision, but talks go on (2010, March 8) retrieved 22 May 2024 from <https://phys.org/news/2010-03-abc-cablevision.html>

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