CBS waives goodbye to retrans cash for now

By Rich Brown

Near the end of the year after broadcasters won the right to demand compensation from cable system operators for carriage, CBS still has no deal.

And to do no deal appears imminent. On Tuesday, CBS said it would waive its right to collect retransmission consent fees from cable system operators for yet another year.

Ironically, CBS was among those broadcasters that lobbied most aggressively for the retransmission consent rules. CBS originally had the idea that it could use the rules to demand cash payments from cable system operators that carry its TV stations. But cable system operators refused to pay, and CBS was forced to grant one-year extensions in the seven markets where it owns stations (New York, Los Angeles, Chicago, Philadelphia, Miami, Minneapolis and Green Bay).

Competing broadcast networks ABC, Fox and NBC had greater success in getting something out of the retransmission consent negotiations by developing new cable networks (ESPN2, FX and America's Talking) that demanded carriage on cable systems in lieu of cash payments. CBS made some late attempts to develop a cable network of its own but eventually shelved the plans.

CBS could still develop its own cable network, but that does not appear likely, according to Mark Harrington, senior vice president of new media, who is overseeing the network's retransmission consent negotiations. "I wouldn't rule it out, but it's probably the most complicated and difficult to do," he says, referring to the various bargaining chips available to the network.

Team with an existing network that needs to build carriage appears a more likely possibility. Harrington says CBS has had talks with a "couple dozen" cable networks about the possibility, including start-up services and established networks that are willing to give CBS an equity position in return for improved distribution.

CBS apparently had been working toward retransmission deals earlier in the year but was set off track in recent months by the upheaval in network affiliations and the company's failed merger with QVC. By the time the QVC deal fell apart last month, CBS had little time left to strike retransmission deals in time for its original extension deadline of Oct. 6, 1994.

Harrington says it is still possible that CBS will strike retransmission deals with cable systems before the new deadline of Oct. 6, 1995.