

CableFAX Daily™

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What the Industry Reads First

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Don't Panic: The FCC's Guide to Net Neutrality

Thurs' much-hyped **FCC** vote on a net neutrality NPRM turned into another attempt by the agency to calm the masses and counter misinformation. "We are voting only on proposed rules, not final rules," commish *Mignon Clyburn* said before casting her vote in favor of the item. In a news conference after the 3-2 vote along party lines, FCC chmn *Tom Wheeler* tried to correct the record on paid prioritization. "You all can do a great service," he told reporters. "This proposal does not provide or mandate paid prioritization. There is nothing in this proposal that authorizes a fast lane. We ask questions, but don't jump to conclusions." As if to highlight the amount of confusion, that same press conference ended with a reporter asking a question that suggested much of the net neutrality debate was sparked by **Comcast** and **Netflix's** interconnection deal. Wheeler responded by explaining how interconnection and peering are completely separate issues not covered by the open Internet order. Only four more months of this—at least! Comments are due July 15, with replies due Sept 10. The NPRM, released late Thurs afternoon, seems to do what has been widely broadcast: it sets out to establish rules under Section 706, while seriously considering the use of Title II; asks if paid prioritization should be banned outright; enhances transparency rules for providers; proposes an ombudsman to serve as a watchdog, etc. "The potential for there to be some kind of a fast lane... has many people concerned. I will work to see that does not happen," Wheeler said. He went on to say that if an operator slows a speed below what a consumer bought, it would be commercially unreasonable and therefore prohibited. While Wheeler had the support of his fellow Dems, it wasn't a rubber stamp. Clyburn said she had significant concerns about the initial text, but said the item has changed considerably over the past several weeks. Commish *Jessica Rosenworcel* said she would have taken time for more public input, calling the process "flawed." "I think we moved too fast to be fair," she said, at the same time acknowledging that the chmn made significant adjustments to the proposal by expanding the scope and putting all options on the table (including Title II). The 2 Republican commissioners argued that this was a matter for Congress, not the FCC. Like Rosenworcel, *Ajit Pai* believes the process was rushed. "When there is any bipartisan agreement on net neutrality, that's something," he said, saying he wished economic studies similar to past media-ownership proceedings were used. "Surely the future of the Internet is no less important than media ownership." And yes, protesters showed up too, occasionally interrupting the meeting but quickly escorted out. Judging

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by the flurry of press releases (some by different groups but coming from the same email address), this is far from over. "This is the beginning of an intense war over the future of the Internet. Attention now turns to President *Obama*. This is his chairman and his FCC," said a group called **CREDO Demand Progress**: "If the FCC is allowed to create a fast lane on the Internet, corporations will pay to speak louder and faster. FCC is proposing Citizen's United for the Internet." **Common Cause** special adviser and former FCC commish *Michael Copps*: "This is an alarming day for anyone who treasures a free and open Internet." **NCTA** is keeping it simple: Cable remains committed to giving consumers an open Internet and stands ready to work with the FCC and other stakeholders for a balanced approach (read not Title II). Just think, it should all be over by December. Oh, except for the inevitable lawsuits...

Willner Rides Again: SpinCo doesn't have a name yet, but it does have a pres/CEO. **Charter** and **Comcast** announced Thurs that former Insight co-founder and CEO *Michael Willner* has signed on for the job. SpinCo is the cable company that will be spun off from Comcast upon completion of the Comcast-**Time Warner Cable** merger and the Comcast-Charter transactions. SpinCo, which will serve about 2.5mln subs in AL, IN, KY, MI, MN, TN and WI, will have a 9-member board. Charter will appoint 3 of those members, including Charter pres/CEO *Tom Rutledge*, who will serve as non-exec chmn. Comcast will appoint three of the remaining six members of the board and will select three more from a list provided by Charter. These six board members will be independent of both Charter and Comcast. Currently, Willner is pres/CEO of software licensing company **Penthera Partners**. He'll remain involved as a member of its board. Willner's "deep knowledge of the cable business, combined with his experience and focus on technology, will enable him to drive growth and product innovation for customers and position SpinCo as a competitor in the industry," Comcast's *Brian Roberts* said.

White on Everything but AT&T: Gotta appreciate **DirecTV** CEO *Mike White*'s sense of humor. He interrupted his introduction at the **MoffettNathanson** investor conference Thurs by saying, "Hold on... I have to turn my cell phone off just in case I get a call." An obvious joke aimed at the reports that a deal for a merger with **AT&T** could come any moment. Analyst *Craig Moffett* got into the act as well. "You're all hoping that Mike will prerelease results for Latin America," he said. Unfortunately, White wouldn't discuss possible M&A transactions, with Moffett calling it one of those "neither confirm nor deny situations." Instead, the hour was devoted to the satellite business. The bad news? The housing market. "Yes, prices have come up, but underlying demand is horrible. New household formation is just awful," White said. "There's no question that it's hard to grow the TV business when the underlying households aren't growing." There also is some "very modest" cord-cutting going on that DirecTV is watching, he said. And yes, he beat the programming cost drum again. "One of 3 things happens: either the distributors will begin to stand together, like most of us have been doing in Los Angeles for the 1st time ever with the **Dodgers** on outrageous increases and excesses. Or cord-cutting explodes because people just can't afford it. By the way, if they start opting out, they're going to opt out of the triple-plays 1st because those are \$250 as opposed to our \$100," he said. "Or 3rd, Washington decides to do something, which I wouldn't count on... It's when the customer gets fed up that something might change." DirecTV's **Disney** deal comes up this year, with White acknowledging there would be a significant increase given that the satellite company is coming off a long-term deal. "All we're interested in is getting a fair deal relative to our size and scale," he said. As for DISH's Disney deal that included OTT, he's not so sure it's that innovative. He sees OTT as an opportunity but also with risk of cannibalization. Then there's the whole issue of needing to unbundle networks. "If I could just cherry pick **AMC, FX, Nickelodeon**, and not have to pay for all the other stuff, you might get there. My bet is on every single one of those discussions, including Disney, they'll be trying to bundle more stuff," he said, noting that will raise the price point. DirecTV's research suggests sharply lower OTT demand once it surpasses \$12/month.

WWE Stays on NBCU: USA keeps "Mon Night Raw" under a new multi-year deal between **WWE** and **NBCU**. "Friday Night Smackdown" will continue on **Syfy**. It was up in the air if the 2 would continue to be a tag team as NBCU's exclusive negotiation period expired in mid Feb, opening up the possibility of the franchises moving elsewhere. "In today's TV landscape, live event programming is an extraordinarily valuable asset, and WWE remains the only entertainment franchise that consistently delivers this on a 52-week a year basis," NBCU cable chmn *Bonnie Hammer* said.

Spectrum Auction Vote: In other **FCC** news, the agency voted 3-2 (notice a trend here?) at Thurs' meeting for a report and order adopting rules for the 1st broadcast TV spectrum incentive auction. **NAB** wasn't happy with the vote. "The order today threatens diverse programming sources and diminishes a vibrant free and local news, entertainment and information source for millions of Americans who can't afford \$200 a month pay TV and broadband bills. NAB will pursue every

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avenue to get the auction back on track and ensure that broadcasters and our viewers are protected—as Congress mandated in the Act,” NAB spokesman *Dennis Wharton* said. The FCC adopted a 600 MHz Band Plan with specific paired uplink and downlink bands and a plan for repacking bcstrs. NAB complained that the FCC vote on party lines takes for granted that the yet-to-be released auction and repacking software will work flawlessly.

Ultra HD Milestone: Global shipments for ultra HD TV panels exceeded 1mln units for the 1st time ever in March, according to a report from **IHS Technology**. UHD TV panel shipments amounted to 1.1mln units in March, nearly a threefold increase from 384,300 units a month earlier in February.

Authenticate This: Wow... **FreeWheel** reports that authenticated viewing grew 436% YOY as 29% of all ad views on long-form and live content now come from behind authenticated walls. Live content enjoyed a 176% increase in ad views. Of course, the Q included streaming of big sporting events like the Winter Olympics, Super Bowl and **NCAA** March Madness.

Editor's Note: Join **Penthera's Michael Willner**, **AT&T's GW Shaw**, **Comcast's Robin Dagostino**, **DirectTV's Tim Gibson**, **Univision's Tonia O'Connor**, **Epix's Mark Greenberg** and other top execs at **Cablefax's** Digital & Tech Summit in NYC on Thurs, May 21. Register at www.cablefaxdigitalsummit.com

CableFAX Daily Stockwatch

Company	05/14 Close	1-Day Ch	Company	05/14 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	85.12	(0.14)	CONCURRENT:	8.03	(0.06)
DISH:	60.27	0.09	CONVERGYS:	21.81	(0.08)
ENTRAVISION:	5.19	0.03	CSG SYSTEMS:	25.00	(0.42)
GRAY TELEVISION:	10.22	(0.01)	ECHOSTAR:	49.56	0.10
MEDIA GENERAL:	16.38	0.04	GOOGLE:	519.98	(6.67)
NEXSTAR:	40.67	0.28	HARMONIC:	7.18	0.09
SINCLAIR:	27.90	0.34	INTEL:	26.01	(0.32)
MSOS					
CABLEVISION:	17.00	(0.04)	INTERACTIVE CORP:	63.15	(0.77)
CHARTER:	136.91	0.76	JDSU:	10.92	0.08
COMCAST:	50.31	0.48	LEVEL 3:	43.55	0.21
COMCAST SPCL:	49.70	0.38	MICROSOFT:	39.60	(0.64)
GCI:	11.25	0.25	NIELSEN:	46.44	(0.9)
GRAHAM HOLDING:	662.30	(4.7)	RENTRAK:	51.13	(3.22)
LIBERTY GLOBAL:	43.66	(0.12)	SEACHANGE:	8.93	0.04
LIBERTY INT:	28.37	(0.04)	SONY:	16.39	(0.11)
SHAW COMM:	24.86	(0.06)	SPRINT NEXTEL:	9.53	0.54
TIME WARNER CABLE:	137.04	1.81	TIVO:	11.82	0.11
PROGRAMMING					
21ST CENTURY FOX:	34.02	(0.26)	UNIVERSAL ELEC:	39.55	(0.07)
AMC NETWORKS:	58.70	0.25	VONAGE:	3.71	(0.07)
CBS:	56.39	0.45	YAHOO:	33.80	(0.37)
CROWN:	3.43	0.07	TELCOS		
DISCOVERY:	72.70	0.36	AT&T:	36.52	0.13
DISNEY:	80.15	(0.77)	CENTURYLINK:	37.83	0.17
GRUPO TELEVISIA:	32.91	(0.48)	TDS:	26.76	(0.38)
HSN:	54.25	(0.1)	VERIZON:	47.96	(0.05)
LIONSGATE:	25.50	(0.13)	MARKET INDICES		
MADISON SQUARE GARDEN:	49.82	0.12	DOW:	16446.81	(167.16)
SCRIPPS INT:	74.28	0.31	NASDAQ:	4069.29	(31.33)
STARZ:	29.62	(0.34)	S&P 500:	1870.85	(17.68)
TIME WARNER:	68.50	(0.45)			
VALUEVISION:	4.86	0.08			
VIACOM:	83.15	(0.13)			
WWE:	19.93	0.58			
TECHNOLOGY					
ADDVANTAGE:	2.55	(0.11)			
ALCATEL LUCENT:	3.99	(0.07)			
AMDOCS:	46.60	(0.49)			
AMPHENOL:	94.80	(0.77)			
AOL:	37.50	0.69			
APPLE:	588.82	(5.05)			
ARRIS GROUP:	29.13	0.36			
AVID TECH:	7.25	(0.15)			
BLNDER TONGUE:	0.90	(0.01)			
BROADCOM:	29.50	(0.33)			
CISCO:	24.18	1.37			



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PROGRAMMER'S PAGE

Hocus Pocus Hilarity

Take one part "Candid Camera" and mix in a bit of "David Blaine's Street Magic" and you'll have truTV's new series "The Carbonaro Effect" (premiered May 15, 10pm). It works well, with magician *Michael Carbonaro's* improv background making his pranks—from grocery store customer buying a carton of eggs with a chick inside to unbelievable sleight of hand at a package and shipping store—humorous and amazing. The show's name is fitting as Carbonaro's tricks often have the after-effect of leaving subjects open-mouthed and befuddled. It's a magic show, where no one realizes that magic is happening. He's an unabashed fan of *Allen Funt*. "No one would have any hidden camera show if it wasn't for Allen Funt. Particularly for me, what I love about Allen Funt and what I'm trying to do with this show, is the friendly and fun spirit," said Carbonaro, who might be familiar for his recurring roles on numerous shows, including "The Newsroom" and "Happily Divorced." Viewers aren't laughing at the prankees, but with them—and are also left trying to figure out exactly what happened. "I am having fun with people... showing them how funny we all are as people together. Adding the magic element to that is like being able to hold a mirror up and show how unbelievable it is that people are willing to believe in the impossible," he said. One example, he pulled a giant watermelon out of a thin envelope in front of woman, and she never batted an eye. Or there's the time, he convinced a science teacher that he turned a toy into a live frog by injecting some sort of ooze. "I revealed to her it was a hidden camera show, and she would not and could not believe it," Carbonaro recalls. "Convincing her that a frog just developed out of ooze? No problem. Convincing her she's on a hidden camera show? Absolutely impossible." Keep a look out for him next time magic moments happens in your everyday life. - *Amy Maclean*

Reviews: "The Americans," season 2 finale, Wed, 10p, **FX**. It's fitting this excellent series' most pertinent plot lines mix business and very personal issues. While "The Americans" ostensibly is about Cold War spy games, it's largely a character study and a look at marriage and family, with espionage as an important element. The season-ending ep ties up loose ends, one with a major twist. In the best tradition of television thrillers, the finale creates tension for the coming season by threatening to plunge more of the Jennings clan into the family business. -- "Silicon Valley," Sun, 10:00p, **HBO**. In this excellent series spoofing high-tech culture, the Pied Piper team brings its barely finished demo to a competition where past indiscretions of the bombastic yet lovable Erlich (*T.J. Miller*) might influence the judging and ruin the company's chances for survival. The parody of the tech competition itself is effective. This first of a two-part arch leads to a satisfying season finale 2 weeks from now (June 1), as the team has to quickly adjust its presentation. -- "The American Bible Challenge," season 3 debut, Thurs, 8p, **GSN**. The bible quiz is the net's top-rated original—the series debuted in '12 with 1.7mIn viewers. It returns with new games, including *Star Wars* references, to question contestants' knowledge of the good book. - *Seth Arenstein*

Basic Cable Rankings (5/05/14-5/11/14) Mon-Sun Prime			
1	TNT	2.5	2446
2	ESPN	2	1916
3	USA	1.4	1365
4	HIST	1.3	1255
5	DSNY	1.2	1184
5	TBSC	1.2	1139
7	FOXN	1.1	1087
7	NBCS	1.1	930
9	HGTV	1	951
9	DSE	1	71
11	NAN	0.9	874
12	ADSM	0.8	795
12	ESP2	0.8	786
12	A&E	0.8	783
12	DISC	0.8	781
12	TLC	0.8	761
17	FX	0.7	703
17	VH1	0.7	668
17	SPK	0.7	630
17	BRAV	0.7	620
17	ID	0.7	614
17	NFLN	0.7	475
23	FOOD	0.6	634
23	LIFE	0.6	621
23	SYFY	0.6	593
23	FAM	0.6	585
23	HALL	0.6	552
23	AMC	0.6	543
29	MTV	0.5	480
29	CMDY	0.5	462
29	DSJR	0.5	336
32	APL	0.4	428
32	MSNB	0.4	424
32	TVLD	0.4	417
32	BET	0.4	400
32	TRU	0.4	370
32	WETV	0.4	365
32	NGC	0.4	362
32	LMN	0.4	362
32	NKJR	0.4	333
32	H2	0.4	283
32	HMC	0.4	235
43	EN	0.3	332
43	TRAV	0.3	315
43	CNBC	0.3	303
43	CNN	0.3	282

*Nielsen data supplied by ABC/Disney

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