

CableFAX Daily™

Wednesday — July 2, 2014

What the Industry Reads First

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School WiFi: Wheeler Pushes Billions in Funding, Cable Interested

Cable WiFi could potentially be in a lot more schools and libraries thanks to FCC chmn *Tom Wheeler's* plan to modernize the E-rate program, which provides discounts to help schools and libraries receive communications services. Wheeler, who announced the move last month, detailed his plan Tues, proposing increasing federal funding for WiFi by 75% in rural schools and 60% in urban schools and libraries. That means an additional 44mln students and 16K libraries will gain access to WiFi services by 2019, all within existing program funding. New Hampshire will see the biggest increase in the number of schools and libraries getting WiFi in the next 5 years versus the past 5 years (+6936%), followed by Nebraska (+6777%) and Delaware (+4438%). California is expected to have the biggest increase in the number of students getting WiFi (an additional 5.4mln). The costs? Over the next 2 years, some \$2bln is expected to be freed up. To do that, Wheeler proposed 2 changes, including phasing down \$1.2bln support for non-broadband services and repurposing it for WiFi, making prices more transparent and facilitating greater use of consortia-enabled bulk purchasing. To choose the most cost-effective provider, qualified schools and libraries will run a competitive bidding process. Major cable players seem interested. **Comcast**, a backer of Wheeler's E-rate overhaul in general, wants the fund to support items including caching services, bandwidth optimizers, WiFi equipment and services that provide similar functionalities, according to a recent FCC filing. And when it comes to consortium purchasing arrangements, the MSO wants to make sure they don't result in reduced competition in the bidding process. **Bright House**, while supportive of the WiFi funding, worried that if a large proportion of high-discount schools chose to take all their funding up front, they could potentially claim the entire \$1bln provided for the 1st year, and most likely, the entire \$1bln provided in the 2nd year. It advocates encouraging schools to purchase WiFi as a service by allocating some funding to all schools every year for WiFi. "When purchased as a service, there is no upfront capital investment required of the school and therefore, no need to front-load the funding in the 1st year that a school obtains WiFi," it said. Alternatively, Bright House suggested the FCC let schools conduct a bidding process after they know they will receive E-rate funding. The agency is set to vote on the proposal during its July 11 Open Meeting. Many are supportive, but it has drawn some criticism from education groups who claim the plan will only "dilute an already over-subscribed E-rate Program by threatening the program's sustainability and historically successful track record and

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Who are cable's most influential minorities and powerful women?

Nomination Deadline: **July 2** | **Free to Enter**

Cablefax is accepting nominations for the Most Powerful Women & Most Influential Minorities in Cable Programs that will be featured in *Cablefax: The Magazine*. It's free to enter, but you must submit your nominations by July 2!



The Most Influential Minorities in Cable

Nomination Deadline: **July 2**

Publication Date: **September 2014**



The Most Powerful Women in Cable

Nomination Deadline: **July 2**

Publication Date: **November 2014**

Event: **November 2014**

Contact Diana Rojas at drojas@accessintel.com with any questions.

Enter online at www.cablefax.com/2014-nominations.

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aabbey@accessintel.com or 301-354-1629.

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failing to meet the needs of urban, rural and low-density populated areas.” Wheeler is “100 percent committed to the long-term success and sustainability of the E-rate Program, so he will do whatever it takes” to ensure the fund is sustainable, FCC managing dir *Jon Wilkins*, said during a call with reporters Tues.

Juicy DirecTV Merger Details: AT&T’s S-4 regulatory filing Tues had plenty about failed merger talks between **DirectTV** and so-called Company A, presumably **DISH**. After negotiating several drafts of a mutual confidentiality agreement, DirecTV and the unnamed company entered into such an agreement on Apr 16 of this year (A confidentiality agreement had already been signed with AT&T). Company A broke off those talks with DirecTV on May 12. A representative from Company A later said the company would be willing to continue to work with DirecTV in reviewing the **Comcast-Time Warner Cable** transaction but reiterated that the chairman of Company A “had indicated that a combination with DirecTV was a ‘nonstarter’ at the then relative price levels” for the 2 companies, the SEC filing said. DirecTV and AT&T executed their pending merger agreement on May 18. Comcast-TWC certainly played a part in getting the ball rolling, with the DirecTV board and certain members of mgmt having a dinner meeting on the evening of the Comcast announcement at which they discussed the merger’s implications to the MVPD industry, as well as the merits and risks of combining with Company A. One of the signs pointing to Company A being DISH is the statement that DirecTV’s board requested further info on the spectrum holdings of the company. It also fits with several published reports shortly after the Comcast-TWC announcement that said DISH and DirecTV were talking about a possible combo. **Wells Fargo** analysts highlighted their biggest takeaways from the lengthy SEC filing: DISH and DirecTV were talking about a possible combo as far back as 2011; the discussions initially centered around regulatory; and there was no mention of any conversation between DISH and AT&T. The firm found that odd, but added that the doc did focus more on DirecTV so that is the best guess as to why it wasn’t mentioned. As for DirecTV and AT&T, they initially entered into a confidentiality agreement on July 24 of last year, but discussions ended in Sept. Conversations resumed in mid-March following the announcement of the Comcast-TWC merger, and a new confidentiality agreement was signed March 27. AT&T’s initial offer came Apr 22 and was for \$85/share (\$25.50 in cash the rest in AT&T stock). The final offer on May 18 was \$95/share (\$28.50 in cash and \$66.50 in T stock).

Video Accessibility for Everyone: The FCC submitted its required report to Congress on implementation of the 21st Century Communications and Video Accessibility Act of ’10. Bottom line: Companies report they’re working diligently to comply with the video description requirements for TV programming, but consumers who are visually impaired or blind perceive there to be a minimal amount of video-described programming available. The FCC Media Bureau report said the agency expects some of the concerns to be alleviated as the obligation to provide 50 hours of video description expands to more TV markets in July ’15. And if need be, the FCC can up that requirement by up to 75% (87.5 hours) in 2 years. Citing concerns from viewers about uncertainty over which programs are video described, the FCC used the report to urge the industry to coordinate with program guide developers to ensure that info is provided. New rules requiring easier accessibility to such programming on navigation devices take effect in 2016. In the interim, the FCC said it expects MVPDs and manufacturers will train their customer service reps to assist consumers in accessing secondary audio. As for requiring video descriptions for IP-delivered programming, the Bureau said it currently doesn’t have sufficient info to assess the costs involved. “We will continue to monitor developments on this front, and we hope that industry will take the initiative to develop standards and work toward providing video description of IP-delivered programming,” the report said.

NUVOtv Fuse Fusion: SiTV Media, parent to **NUVOtv**, closed its \$226mIn acquisition of music net **Fuse** from **The Madison Square Garden Company**. MSG gets 15% equity in the combined company, but that could be reduced based on certain performance goals. No details yet on what’s in store for Fuse. SiTV has said it will continue to be operated as a separate network from NUVO. *Billboard* reported that Fuse shed about half of its 200-person staff ahead of the acquisition’s close and already has halted half-hour news show “Fuse News.”

Aereo Fights Back: “Speak out. Contact your legislatures through **Twitter**, **Facebook** and Email and protect your right to use a cloud-based antenna.” That’s **Aereo** founder/CEO *Chet Kanojia*’s message to his customers following the court’s decision against the company. He is directing customers to ProtectMyAntenna.org, the campaign web page that Aereo first launched in April (just before broadcasters brought the case to SCOTUS). On the site, users are asked to type in their zip codes, and a “Speak Out” button takes users to a sidebar, which allows them to automatically send emails or tweets that can be sent directly to a user’s representative in Congress. Counters on the site showed it has

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been shared 5K times on Facebook and more than 2K times on Twitter. The over-the-air service provider paused its operation Sat.

Talk TV: Former cable analyst *Tom Wolzien* was awarded a US patent for his start-up venture, Video Call Center. It's sort of TV's version of talk radio, allowing the creation of TV programs from multiple Web video callers using systems such as **Skype**. A host can take charge without the normal control room, similar to caller-based talk radio. "VCC is right at the intersection of social and mass media, TV and the web," Wolzien said in a statement. "What's unique is that the system doesn't just handle a single IP video call, but it's designed to handle multiple video calls simultaneously, each with the power of its own computer—essential for any live caller-based TV program."

Comcast Extends Roberts' Contract: No shocker that **Comcast** extended *Brian Roberts* contract as chmn/CEO for another year, extending his term to June 30, 2015. He's got a merger to close, after all. It is typical for Comcast to extend his contract 1 year at a time.

People: *Sam Matheny*, vp, policy and innovation at Raleigh-based **Capitol Broadcasting Co**, will join **NAB** as evp, CTO, effective July 15. -- *Darren Campo* was named svp, program strategy for **Food and Cooking Channel**.

CableFAX Daily Stockwatch

Company	07/01 Close	1-Day Ch	Company	07/01 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	85.30	0.29	CONVERGYS:	21.74	0.30
DISH:	65.61	0.53	CSG SYSTEMS:	26.90	0.79
ENTRAVISION:	6.42	0.20	ECHOSTAR:	52.49	(0.45)
GRAY TELEVISION:	13.31	0.18	GOOGLE:	582.67	7.39
MEDIA GENERAL:	21.11	0.58	HARMONIC:	7.59	0.14
NEXSTAR:	52.54	0.93	INTEL:	30.98	0.08
SINCLAIR:	35.53	0.78	INTERACTIVE CORP:	70.35	1.12
MSOS					
CABLEVISION:	17.68	0.03	JDSU:	12.54	0.07
CHARTER:	160.40	2.02	LEVEL 3:	44.47	0.56
COMCAST:	54.11	0.43	MICROSOFT:	41.87	0.17
COMCAST SPCL:	53.86	0.53	NIELSEN:	49.17	0.76
GCI:	11.22	0.14	RENTRAK:	53.24	0.79
GRAHAM HOLDING:	722.25	4.14	SEACHANGE:	8.29	0.28
LIBERTY GLOBAL:	44.53	0.31	SONY:	17.13	0.36
LIBERTY INT:	29.59	0.23	SPRINT NEXTEL:	8.53	UNCH
SHAW COMM:	25.91	0.25	TIVO:	13.10	0.19
TIME WARNER CABLE:	148.44	1.14	UNIVERSAL ELEC:	49.64	0.76
PROGRAMMING					
21ST CENTURY FOX:	35.30	0.15	VONAGE:	3.76	0.01
AMC NETWORKS:	62.18	0.69	YAHOO:	35.35	0.22
CBS:	62.92	0.78	TELCOS		
CROWN:	3.63	UNCH	AT&T:	35.48	0.12
DISCOVERY:	75.19	0.91	CENTURYLINK:	36.32	0.12
DISNEY:	86.47	0.73	TDS:	25.67	(0.44)
GRUPO TELEVISIA:	34.95	0.64	VERIZON:	49.37	0.44
HSN:	59.92	0.68	MARKET INDICES		
LIONSGATE:	29.28	0.70	DOW:	16.00	515.00
MADISON SQUARE GARDEN:	61.80	(0.65)	NASDAQ:	4458.65	50.47
SCRIPPS INT:	81.51	0.37	S&P 500:	1973.32	13.09
STARZ:	30.17	0.38			
TIME WARNER:	70.57	0.32			
VALUEVISION:	5.20	0.21			
VIACOM:	86.91	0.16			
WWE:	11.75	(0.18)			
TECHNOLOGY					
ADVANTAGE:	2.73	(0.03)			
ALCATEL LUCENT:	3.53	(0.03)			
AMDOCS:	46.57	0.24			
AMPHENOL:	97.35	1.01			
AOL:	40.64	0.85			
APPLE:	93.52	0.59			
ARRIS GROUP:	32.66	0.13			
AVID TECH:	7.53	0.13			
BROADCOM:	37.57	0.45			
CISCO:	25.08	0.23			
CONCURRENT:	7.42	(0.04)			

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