

CableFAX Daily™

Friday — July 25, 2014

What the Industry Reads First

Volume 25 / No. 143

Net Neutrality: Opponents Fire at Title II

The comment period for the FCC's net neutrality docket has closed, but the debate over whether and how the Internet should be regulated is far from over, especially with chmn *Tom Wheeler* still contemplating the option to reclassify cable broadband as a Title II service. Calling the whole net neutrality discussion a "distraction," Republican commish *Ajit Pai* asked the FCC to focus on efforts to expand and upgrade broadband networks, instead of "repeating the seemingly never-ending arguments about how to manage" the networks. In particular, the Title II discussion is "being driven by a parade of horrors that is entirely hypothetical," he said Thurs during a forum hosted by the ISP-backed **Internet Innovation Alliance** and featuring an anti-reclassification panel. While cable generally supports the 2010 Open Internet Order, it has also opposed any reclassification efforts. Countless staff hours, meetings, and phone calls are now devoted to net neutrality, eating time that could be spent improving FCC procedures and other outdated policies, Pai said. The commish is apparently a *Charles Dickens* fan: "It is as true in the digital age as it was in Dickens' time that we should 'reflect upon our present blessings—of which every man has many—not on [our] past misfortunes, of which all men have some.'" Instead of using Title II to regulate Internet as a telecom service, he suggested a case-by-case approach: "Where there are concrete 'misfortunes,' we can take targeted action." Otherwise, he said net neutrality and the Title II debate is "a great distraction." Comparing the EU's regulation of broadband to that of a public utility, Pai noted that only 54% of Europeans have access to 25 Mbps broadband speeds, with per-household broadband investment of \$244. In the US, those numbers are 82% and \$562, respectively. If the FCC embraces Title II, "our future would look a lot like Europe's present," Pai said. Indeed, there's no reason to apply Title II regulations when the FCC has flexible authority under Section 706 of the Telecom Act, said *Fred Campbell*, dir of **Center for Boundless Innovation in Technology**. "It seems to be the only reason to reclassify is to do a lot more than net neutrality," he said. **Netflix**, a vocal backer of stricter Open Internet rules, argued "Title II provides a solid basis to adopt prohibitions on blocking and unreasonable discrimination by ISPs" and "opposition to Title II is largely political, not legal." However, edge providers like Netflix should be concerned that they may be subject to heavy regulation if Internet's deemed a Title II service,



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CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Sr Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Dir of Market Dev: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Prod: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group ● Scott Gentry, Dir of Business Development, sgentry@accessintel.com ● Group Subs: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Sub Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,599/year ● Access Intelligence, LLC, 4 Choke Cherry Road, 2nd Floor, Rockville, MD 20850

said *Anna-Maria Kovacs*, senior scholar at **Georgetown Center for Business and Public Policy**. “Title II will be a tremendous mistake,” affecting edge providers, especially the small ones that can’t afford to be involved in the regulatory battle, she said. All eyes on Wheeler now...

FCC OKs Sinclair-Allbritton: The FCC Media Bureau adopted an order Thurs approving the \$985mIn **Sinclair-Allbritton** transaction after the broadcasters agreed to a few conditions. Sinclair will divest the station in Harrisburg, as recommended by the **DOJ**. It will deliver Allbritton stations’ programming in Birmingham and Charleston via digital multicasting on existing Sinclair stations, with the licenses of the Allbritton stations that previously broadcast that content returned to the FCC. Sinclair will terminate a sharing agreement in Charleston, SC, and a sidecar arrangement with **Howard Stirk Holdings** and **Deerfield** will not be included. Bureau chief *William Lake* said the order exemplifies the “careful scrutiny” the agency will give to broadcast deals that propose new combinations of sharing arrangements between a dominant licensee and a sidecar entity. The FCC adopted rules in March to restrict to such practices. “The Media Bureau has demonstrated clearly that it will not allow such combined arrangements to undermine the local TV ownership rule, which is in place to ensure competition and diverse voices on the airwaves,” Lake said. Republican commish *Ajit Pai* continued his recent streak of unhappiness over FCC actions, declaring that the crackdown on JSAs claimed 3 more stations (Birmingham’s **WCFT** and **WJSU**, as well as Charleston’s **WCIV**). “Under the parties’ original proposal and the rules that were in effect when the transaction was presented to the Commission, these 3 stations would have continued providing local service to their communities. But because of the Commission’s new rules, the Media Bureau’s order requires them to go dark within 60 days,” he said. “How does this outcome serve the cause of diversity? And how does this outcome serve the cause of competition?”

Carriage: No worries about missing **SEC** games for **Time Warner Cable** and **Bright House** subs. They’re the latest distributors to reach an agreement for carriage of **ESPN’s SEC Network**. They join **Comcast, DISH, AT&T U-verse** and **Cox** as affiliates. More deals are expected to come ahead of the net’s Aug 14 launch. -- **Ovation** will launch on **Frontier’s** HD and VOD platform in Portland, OR; Seattle, WA; and Ft. Wayne, IN, starting Aug 1. The operator has carried Ovation’s SD channel since 2007. Ovation VOD can be accessed through Frontier’s Pop Culture folder as part of the free on demand offering. -- As part of a previously announced carriage agreement with **Time Warner Cable**, *Magic Johnson’s Aspire Network* is now available on the MSO’s systems in TX, bringing the net’s distribution to more than 20mIn HHs.

GigaPower in TX: **AT&T** is prepping the launch of GigaPower in TX. In the Dallas area, initial deployment will start in Highland Park and University Park with speeds up to 1 Gbps. Other parts of Dallas and surrounding cities will follow with speeds up to 100 Mbps, and subs will have the option to upgrade to speeds of up to 1 Gbps by the end of the year. The telco will expand the service across North TX throughout the end of the year and beyond.

Internet Piracy: The **Dept of Justice** believes it’s time to get more serious about illegal Internet streaming. The problem is existing copyright law. “In most cases, infringing streaming can be prosecuted only as a misdemeanor, even when sites are willfully streaming pirated content to large numbers of users, and turning huge profits through advertising revenue and subscriptions,” said DOJ staffer *David Bitkower* in testimony before a House Judiciary committee Thurs. The DOJ wants Congress to amend the law so that it is a felony to have unauthorized public performances for commercial advantage or private financial gain.

In the Courts: A US District Court judge on Mon denied **Comcast’s** motion to stay discovery in a lawsuit brought forth by **Players Network**. The TV and digital media company filed a \$150mIn breach of contract lawsuit against Comcast earlier this year, claiming it reneged on plans to launch a gaming channel that Players was building for the MSO.

Broadband vs Video: A new report by **Moody’s** predicts that HSD customers will surpass video subs in the cable universe in the next year. Of course, fewer video subs and more broadband customers lowers costs as it reduces programming expenses. “But the eroding video subscriber base still poses risks, with companies serving a dwindling number of video subscribers losing economies of scale,” Moody’s said. The firm also believes that

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companies facing tough telco competition will have to keep a competitive video product in those markets, while others will find it easier to thrive as a broadband company. Bottom line: capital spending will remain high as cable operators continue to increase broadband speed and capacity.

Vubiquity Goes Digital: Multiplatform video service provider **Vubiquity**, which counts pay-TV providers like **AT&T** and **Verizon** as customers, will debut its digital storefront with demos at the **Independent Show** July 27-30 in Kansas City. The storefront, powered by the company's AnyVU cloud platform, seeks to allow service providers to launch new advanced video offerings. Demos will leverage recent developments that the company said enable various monetization opportunities for multiplatform video, including VOD, SVOD, electronic-sell-through, and Ultraviolet.

FCC EEO: The **FCC** on Thurs issued a notice reminding MVPDs that they must file EEO program annual reports by Sept 30. The agency also identified providers that must complete the supplementary investigation sheet portion of the form.

Editor's Note: If you haven't registered for the **TV Innovation Summit** yet, find out why you just gotta be in NYC on Sept 18 by going to www.cablefax.com. The Early Bird rate ends Aug 8!

CableFAX Daily Stockwatch

Company	07/24 Close	1-Day Ch	Company	07/24 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	86.35	(0.6)	CONVERGYS:	20.48	(0.12)
DISH:	63.41	(0.24)	CSG SYSTEMS:	26.97	(0.16)
ENTRAVISION:	5.94	(0.05)	ECHOSTAR:	51.97	(0.05)
GRAY TELEVISION:	12.75	0.10	GOOGLE:	593.35	(2.63)
MEDIA GENERAL:	20.85	(0.55)	HARMONIC:	6.30	0.01
NEXSTAR:	48.16	(0.8)	INTEL:	34.25	(0.25)
SINCLAIR:	33.53	(0.45)	INTERACTIVE CORP:	66.88	0.16
MSOS					
CABLEVISION:	19.13	0.04	JDSU:	11.89	(0.15)
CHARTER:	163.86	0.73	LEVEL 3:	45.75	0.47
COMCAST:	55.13	0.42	MICROSOFT:	44.40	(0.47)
COMCAST SPCL:	54.89	0.40	NIELSEN:	48.39	0.06
GCI:	10.85	(0.14)	RENTRAK:	51.63	(1.78)
GRAHAM HOLDING:	689.58	(0.59)	SEACHANGE:	7.85	(0.17)
LIBERTY GLOBAL:	42.70	(0.15)	SONY:	17.33	0.44
LIBERTY INT:	29.33	0.01	SPRINT NEXTEL:	7.77	0.09
SHAW COMM:	25.66	0.05	TIVO:	13.61	(0.14)
TIME WARNER CABLE:	150.00	0.09	UNIVERSAL ELEC:	50.22	(0.18)
PROGRAMMING					
21ST CENTURY FOX:	32.92	0.22	VONAGE:	3.64	0.11
AMC NETWORKS:	62.50	(0.46)	YAHOO:	36.17	1.46
CBS:	58.51	(0.46)	TELCOS		
CROWN:	3.41	(0.05)	AT&T:	35.50	(0.38)
DISCOVERY:	82.88	0.06	CENTURYLINK:	37.68	0.11
DISNEY:	86.80	0.76	TDS:	24.87	0.14
GRUPO TELEVISA:	34.20	(0.07)	VERIZON:	51.05	0.14
HSN:	56.64	0.74	MARKET INDICES		
LIONSGATE:	32.01	(0.04)	DOW:	17083.80	(2.83)
MADISON SQUARE GARDEN:	60.35	0.04	NASDAQ:	4472.11	(1.59)
SCRIPPS INT:	83.17	0.07	S&P 500:	1987.98	0.97
STARZ:	29.99	0.24			
TIME WARNER:	84.01	(0.25)			
VALUEVISION:	4.61	0.01			
VIACOM:	85.96	(0.03)			
WWE:	12.62	(0.02)			
TECHNOLOGY					
ADVANTAGE:	2.56	0.01			
ALCATEL LUCENT:	3.78	0.03			
AMDOCS:	47.87	(0.13)			
AMPHENOL:	97.71	0.73			
AOL:	39.34	0.35			
APPLE:	97.03	(0.16)			
ARRIS GROUP:	33.77	0.33			
AVID TECH:	7.52	0.02			
BROADCOM:	38.30	0.15			
CISCO:	25.83	0.15			
CONCURRENT:	7.36	0.01			



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PROGRAMMER'S PAGE

May the Ferb be with You...

Within a minute after news broke that **Disney** had bought **LucasFilms**, “Phineas and Ferb” co-creator *Dan Povenmire* had sketched the series’ lovable bad guy Doofenshmirtz as Darth Vader. He texted a photo of the drawing it to the head of the studio with the words: “I smell crossover.” He wasn’t alone. “He apparently pitched it to *Bob Iger* by just sliding his phone across the desk to him during a meeting,” Povenmire told us in an interview ahead of Sat’s “Phineas and Ferb: Star Wars” special (9pm, **Disney Channel**). The fact that both Povenmire and co-creator *Jeff “Swampy” Marsh* are huge fans of the film is apparent by the number of Star Wars references and jokes they squeezed into the hour-long ep, which shows us what was happening just off camera during Episode 4. Who knew that Phineas and Ferb lived on Tatooine? Perhaps less surprising is that busting-loving Candace is a Storm Trooper. As is the case with many who saw the original in the theater, *George Lucas’* film was transformative for the duo. “For many of us, that kind of lit a fire in us for storytelling and how it could be different,” Marsh said. A galaxy far, far away was way out in space back then. “It changed the way we imagined things,” Povenmire explained. “We used to play as kids army or cowboys and Indians or these things that had been around in movies and pop culture for years. Suddenly this movie came out, and it broadened our imaginations that nothing had before.” While adults often love Phineas and Ferb as much (if not more) than kids, it was important to Povenmire and Marsh that those not schooled on Star Wars could enjoy the special as they knew not all of their younger fans will have seen the film. There’s plenty of standalone humor there, so don’t worry if the force isn’t with you (“none of this is canon, so just relax” we’re told at one point). “But if you’ve watched the film, you get the bonus,” Marsh said. Will Phineas and Ferb tackle Episode V? Povenmire: “From your mouth to Disney’s ears.” - *Amy Maclean*

Reviews: “The Honorable Woman,” premiere, Thurs, 10p, **Sundance**. Written, directed and produced by *Hugo Blick*, the early eps of this lean-in, 8-part political thriller exemplify cable-drama’s golden age. Its camera work, ensemble and tone wonderfully augment *Maggie Gyllenhaal’s* outstanding turn as a British business leader with a complicated private life. -- “Masters of Sex,” Sun, 10p, **Showtime**. “Masters” is less about sex than its title and marketing imply. It’s a very good character study and period piece, with *Masters (Michael Sheen)* and *Johnson’s (Emmy nominee Lizzy Caplan)* groundbreaking sex research serving as backdrop. This week’s ep is atypical, nearly devoid of action, yet it cleverly reveals *Masters’* childhood influences, fleshing out the character of this enigma. -- “Virgin Territory,” Wed, 11p, **MTV**. Despite this docu-series’ title, it’s largely about sex. The pilot 2 weeks ago began semi-seriously, with teens and a 20-something discussing their virginity. Several remain celibate for religious reasons; another admits he’s not in love with his pursuer; then there’s loquacious *Monique*, who’s vowed ‘no ping without a ring.’ **MTV** gets points for affording virginity screen time and implying pre-marital sex isn’t a requirement for fun. By next week’s ep, though, the series seems less serious. The plan now appears to be ‘Let’s see how far virgins can go without crossing the line.’ - *Seth Arenstein*

Basic Cable Rankings (7/14/14-7/20/14)			
Mon-Sun Prime			
1	FOXN	1.7	1585
2	TNT	1.6	1497
3	USA	1.5	1461
4	DSNY	1.4	1351
5	HIST	1.3	1261
5	ESPN	1.3	1232
5	DSE	1.3	92
8	TBSC	1.2	1210
9	HGTV	1.1	1097
10	A&E	1.0	988
11	FX	0.9	868
11	ADSM	0.9	830
13	NAN	0.8	801
13	SYFY	0.8	792
13	DISC	0.8	770
13	FOOD	0.8	770
13	FAM	0.8	748
18	TLC	0.7	679
18	SPK	0.7	651
18	AMC	0.7	645
18	LIFE	0.7	632
18	HALL	0.7	628
18	ID	0.7	616
24	BRAV	0.6	596
24	TVLD	0.6	541
24	DSJR	0.6	426
27	CMDY	0.5	508
27	VH1	0.5	505
27	CNN	0.5	504
27	MTV	0.5	504
27	MSNB	0.5	497
27	BET	0.5	445
27	APL	0.5	435
27	EN	0.5	434
27	TRU	0.5	434
27	OWN	0.5	418
27	HMM	0.5	259
38	LMN	0.4	351
38	WETV	0.4	338
38	NGC	0.4	331
38	NKJR	0.4	317
38	DXD	0.4	283
38	H2	0.4	251
38	INSP	0.4	233
45	ESP2	0.3	328
45	HLN	0.3	324

*Nielsen data supplied by ABC/Disney



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