

CableFAX Daily™

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What the Industry Reads First

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Net Neutrality: Title II Opponents Seek Help from Commerce

It looks like the net neutrality battle won't stop as long as Title II reclassification is on the table. A group of small and mid-size ISPs, including **Bright House**, **Mediacom**, **Suddenlink**, **BendBroadband** and **Hawaiian Telcom**, took the issue to Commerce Secretary *Penny Pritzker*, arguing that applying common carrier regulation to broadband would hurt their businesses and the Internet economy. The Commerce Dept's "role has evolved over the decades. They are now more involved with broadband proliferation than they have been in the past," *Alex Phillips*, CEO and gm of **HighSpeedLink** (in the group of ISPs) told us. Think **NTIA's** role in broadband stimulus program. He said the group wants to remind lawmakers that small and mid-sized ISPs have been deploying broadband in rural communities for some time now and for the most part with their own funding. Larger ISPs are able to absorb the burden of increased regulation, and "moreover they are able to make demands of the content providers and small companies like mine are just not able to do," he said. Overall, small businesses "would like to be left out of any regulation. Truth in advertising as well as market forces should suffice to maintain far and open Internet," he said. However, if the **FCC** nevertheless wants to impose new rules, the letter argued that "Title II is a poor choice for that authority." Meanwhile, comments on the proposed new Open Internet rules continued to pour in. With more than 1mln comments already in the docket, the proceeding is set to be one of the most commented-upon issue in FCC history. It currently ranks just behind the 1.4mln comments received after *Janet Jackson's* Super Bowl wardrobe malfunction in 2004, though the later one wasn't a rulemaking proceeding. The initial comment period has ended about 2 weeks ago, and the Commission will close the reply comment period in early Sept. The agency recently gained a powerful ally: Senate majority leader *Harry Reid* (D-NV). "Let me assure you that I will lead the fight to protect any Open Internet rules promulgated by the FCC against the inevitable Republican attack against such rules," said Reid in a letter to liberal advocacy group **Demand Progress**, which asked Reid's support for new Open Internet rules. Without stating his stand on Title II reclassification, Reid said he will work to ensure that the new rules "give consumer access to the lawful content they want when they want it, without interference and ensure that priority arrangements that harm consumers are prohibited."

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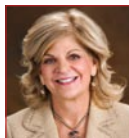
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Netflix-AT&T Deal Reached: Following its peering agreements with **Comcast** and **Verizon**, **Netflix** reached a similar deal with **AT&T**. The pact, inked in May, enables the companies to work together to “provision additional interconnect capacity to improve the viewing experience for our mutual subscribers,” according to an AT&T statement.

Wheeler Queries Verizon: For service providers worried about government intervention, **FCC** chmn *Tom Wheeler*’s letter to **Verizon Wireless** pres/CEO *Daniel Mead* Wed may seem like another bad omen—especially following Wheeler’s letter earlier this week to **Time Warner Cable** CEO *Rob Marcus* concerning the Dodgers net dispute. The chmn said he’s “deeply troubled” by Verizon’s announcement that high-speed wireless customers who subscribe to older unlimited data plans might experience slower connections starting Oct 1. “‘Reasonable network management’ concerns the technical management of your network; it is not a loophole designed to enhance your revenue streams. It is disturbing to me that Verizon Wireless would base its ‘network management’ on distinctions among its customers’ data plans, rather than on network architecture or technology,” Wheeler wrote. He asked Verizon to respond to several questions about the plan, including one on how the telco justify the move under the 2010 Open Internet rules. He also asked Verizon to explain the rationale to treat subs differently depending on their data plans and reasons to extend speed reductions from its 3G network to its more efficient 4G LTE network. “I know of no past Commission statement that would treat as ‘reasonable network management’ a decision to slow traffic to a user who has paid, after all, for ‘unlimited’ service,” Wheeler said. The chmn is also collecting information from **Verizon**, **Comcast** and **Netflix** regarding their peering arrangements.

Aereo Write-Down Reported: Although **Aereo** has insisted that the pause in its operations is temporary, its main backer *Barry Diller* already wrote down a portion of his investment in the company. The investor’s company **IAC** reported a \$66.6mln charge for “write-downs of certain investments,” according to an **SEC** filing. Though the filing didn’t specify how much of the write-down was attributed to **Aereo**, the over-the-air service provider reportedly represented one of the largest portions.

Cablevision Adds More WiFi: **Cablevision**’s Optimum WiFi has reached to more than 1mln hotspots. The service’s free for Optimum Online subs.

Technology: Bright House Networks launched its Echo service to subs in the Tampa and Central Florida areas, allowing them to increase the range and signal strength of their main modems to receive Ethernet-level quality connectivity across wired and wireless devices around the home.

Comcast Helps Ice Cream Biz: **Comcast Business** scored a deal with **JP Licks**, a Boston-based chain with 12 ice cream parlor-cafes, to provide business Internet, WiFi and voice for the chain’s customers. The MSO is offering a private line for employees and a separate Xfinity hotspot, which provides public WiFi to store customers.

Cable Encounters Obama: You never know who you will meet in Kansas during the Indie Show. Just ask **GSN** distribution evp *Dale Hopkins*. The exec and other GSN attendees happened to be dining at a Arthur Bryant’s BBQ joint when *President Obama* was having dinner with 4 Kansas City-area residents who wrote to him about their success and struggles of working in America. POTUS asked the GSN team about the net’s new shows and seemed interested in “American Bible Challenge.” The GSN team apparently even offered to set up a screening at the White House. Check out the full story at Cablefax.com

On the Circuit: **CTHRA**’s Insight & Impact Symposium, to be held Oct 14 in Philly, will feature 5 HR execs in the “Insiders’ Perspectives on HR’s Impact” session. The execs are **A+E Networks** svp *Stacy Green*; **Scripps Networks Interactive** evp *NJ Pesci*; **Comcast** evp *William Strahan*; **WOW!** svp *Janice Turner* and moderator *Tomas Mathews*, pres of **TMathewsHR LLC**.

Programming: One World Sports inked a multiyear, multiplatform programming pact with **Infront Sports & Media**, the marketing and media partner for the recently formed **Champions Hockey League**, to air the league’s games for the next 3 seasons, starting with the inaugural 2014-2015 season. The agreement in-

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cludes the rights to every game starting with group play in Aug and concluding with the final in Feb, spanning around 161 games. -- **Adult Swim** will debut animated series "Mr. Pickles" on Sept 21 along with the newest season of old favorite "Squidbillies." -- Season 8 of **ID's** "Deadly Women" will begin Fri, featuring the infamous accused-ax-killer, *Lizzie Borden*. On Mon, the net will premiere new series, "Nowhere to Hide," featuring NYC private investigator *Steven Rambam* as he recounts his most noteworthy cases. -- **Destination America** will debut two new series, "Swamp Monsters" and "Monsters Underground," back-to-back on Aug 22. -- **TNT** ordered a 3rd season of its real-life crime series "Cold Justice." The 10-ep new season is slated for early 2015, featuring new states and cases.

People: Outdoor Channel tapped *Tim Boell* as vp, distribution & affiliate marketing, effectively immediately. He will focus on expanding the net's reach in the Eastern Region. Boell will report to *Steve Smith*, evp, distribution & affil marketing. Boell, a 30-year cable industry vet, has worked at **Viacom**, **Showtime** and **Sundance**.

Editor's Note: The Aug 8 early bird deadline approaches for the TV Innovation Summit on Sept 18. More info at cablefax.com.

CableFAX Daily Stockwatch

Company	07/30 Close	1-Day Ch	Company	07/30 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	86.25	(0.14)	CONCURRENT:	7.50	0.02
DISH:	62.69	0.11	CONVERGYS:	20.00	(0.02)
ENTRAVISION:	5.76	UNCH	CSG SYSTEMS:	26.61	(0.03)
GRAY TELEVISION:	12.38	0.04	ECHOSTAR:	51.47	0.87
MEDIA GENERAL:	20.31	(0.03)	GOOGLE:	587.42	1.81
NEXSTAR:	46.75	(0.12)	HARMONIC:	5.99	0.26
SINCLAIR:	33.19	0.22	INTEL:	34.35	0.16
MSOS			INTERACTIVE CORP:	69.90	3.14
CABLEVISION:	19.54	UNCH	JDSU:	11.83	0.09
CHARTER:	161.77	(0.29)	LEVEL 3:	45.31	(0.87)
COMCAST:	55.41	0.42	MICROSOFT:	43.58	(0.31)
COMCAST SPCL:	55.05	0.30	NIELSEN:	47.38	0.15
GCI:	11.33	0.14	RENTRAK:	51.44	0.94
GRAHAM HOLDING:	690.49	0.93	SEACHANGE:	7.74	0.11
LIBERTY GLOBAL:	42.33	0.13	SONY:	17.53	0.06
LIBERTY INT:	28.38	(0.15)	SPRINT NEXTEL:	7.76	(0.24)
SHAW COMM:	25.23	0.01	TIVO:	13.91	0.17
TIME WARNER CABLE:	151.42	1.56	UNIVERSAL ELEC:	48.89	(0.01)
PROGRAMMING			VONAGE:	4.00	0.40
21ST CENTURY FOX:	32.00	(0.15)	YAHOO:	36.60	0.92
AMC NETWORKS:	61.06	(0.27)	TELCOS		
CBS:	57.71	0.23	AT&T:	36.36	(0.23)
CROWN:	3.55	0.08	CENTURYLINK:	39.77	(0.13)
DISCOVERY:	83.72	0.79	TDS:	25.28	(0.64)
DISNEY:	87.21	1.01	VERIZON:	51.76	(0.21)
GRUPO TELEvisa:	35.65	0.50	MARKET INDICES		
HSN:	56.59	0.34	DOW:	16880.36	(31.75)
LIONSGATE:	31.38	(0.33)	NASDAQ:	4462.90	20.20
MADISON SQUARE GARDEN:	59.83	(0.51)	S&P 500:	1970.07	0.12
SCRIPPS INT:	83.01	0.20			
STARZ:	29.22	0.07			
TIME WARNER:	84.49	0.64			
VALUEVISION:	4.61	0.01			
VIACOM:	85.00	(0.62)			
WWE:	12.09	(0.38)			
TECHNOLOGY					
ADDVANTAGE:	2.53	(0.02)			
ALCATEL LUCENT:	3.84	0.11			
AMDOCS:	46.62	(0.61)			
AMPHENOL:	97.41	0.24			
AOL:	39.02	0.56			
APPLE:	98.15	(0.23)			
ARRIS GROUP:	35.26	1.06			
AVID TECH:	7.50	0.05			
BLNDER TONGUE:	0.92	(0.03)			
BROADCOM:	37.87	(0.12)			
CISCO:	25.63	(0.08)			

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Learning from History

Commentary by Steve Effros

In 1972 and 1973 I chaired the FCC's Cable Television Federal, State/Local Advisory Committee on Regulatory Relationships. It was created as part of the Commission's adoption of the first set of federal rules for cable. The mandate was to look at the complicated and often contentious cross-currents between federal, state and local regulation of the newly emerging industry. The problem was clear; overregulation. Three different levels of government were all getting involved in setting rules. Who should do what?

The committee was made up of serious heavyweights from all sides. The cable industry had folks like Amos Hostetter (CEO/Continental), Gus Hauser (CEO/Warner) and Bill Daniels on the panel. The cities weighed in with then City Attorney (and subsequently Mayor) of San Diego John Witt, and New York City's famed franchise director Morris Tarshis. The states had folks like DC attorney Roland Homet representing Illinois, and Rhode Island's Public Utility Czar Archie Smith at the table. Everyone seemed to understand that this committee was being asked to advise the Commission on how to deal with divvying up the regulatory responsibilities for what was generally recognized by then as an industry that was going to become a primary provider of telecommunications in the country.

The idea was to help refine the original set of rules, particularly in areas such as franchise requirements, public access and the like, as well as recommend to the Commission how to appropriately define regulatory jurisdictions. The industry was used to dealing with the cities, and preferred a single federal regulatory approach. The states were slowly getting involved with public utility regulation or additional oversight of the cities. The cities didn't like that, and wanted to keep as much local power over the streets and ways as they could. That was the primary hook they had for regulation at all.



After over 250 challenging hours of meetings, both a Majority and Minority report were delivered to the Commission. The Majority recommended primarily federal preemption. The Minority said there were a lot of inherently state/local matters involved, and the feds should stay out of them. The Commission then issued an inquiry about what it should do, as well as publishing a "Clarification" of the rules setting out the middle course of what it called "Creative Federalism," with the FCC setting, in essence, standards, and the states/cities continuing their respective roles.

The Commission decided not to get in the middle of a fight between states and cities about who did what at that level, recognizing that the cities are political subdivisions of the state. The Commission said: "...internal regulatory allocations within a State... (are) not subject to our jurisdiction."

So here we are today. For what I would characterize as "industrial policy" reasons, some folks want any city they can get to start building their own fiber system. The industry opposes having to "compete" with a tax-subsidized entity that is also regulating them at the same time. Some states have seen the multiple municipal ownership failures and bankruptcies and have agreed that it's not a good idea. But the same folks who want to call broadband a public utility (if it was, it would inevitably go to state PUC regulation) also want local muni builds, and the FCC is now investigating the idea that it can somehow override a state's control of its own entities, the cities, and preempt any state prohibition of municipal broadband ownership!

This is an invitation to a lawsuit the Commission will lose, and it said so 40 years ago.

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry)



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