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What the Industry Reads First

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Clock is Ticking: FCC Restarts Comcast-TWC, AT&T-DirecTV Merger Reviews

After a 2-month pause, the FCC on Wed restarted its informal, 180-day clock on the merger review process for the proposed **Comcast-Time Warner Cable** combo. It also restarted the clock for the proposed **AT&T-DirecTV** transaction, whose clock had been stopped since Oct 22. The clocks were halted most recently following programmers' objections to the availability of contracts and other agreements to select 3rd parties. The content companies, which include **CBS** and **Disney**, have filed a legal challenge with the DC Circuit of the FCC's order permitting review of these documents by outside parties. On Nov 21, the court granted their stay, prohibiting access to the material pending their appeal. This week, the court granted an expedited briefing schedule. The FCC said it was restarting the pleading cycle as commenters in the merger reviews may not view highly confidential info that is not classified as "Video Programming Confidential Information," which is what the court is considering. In the Comcast-Time Warner Cable proceeding, replies to responses/oppositions, which were originally scheduled to be due on Oct 8, must be filed on or before Dec 23. In the AT&T-DirecTV proposal, replies to responses/oppositions now must be filed by Jan 7 (they were originally due Nov 5). The Commission said it will consider further adjustments to the pleading requirements and transaction review clocks when the court determines whether video programming confidential info may be made available. For those clock-watchers, we're nearing the halfway mark. The clock restarts on Day 85 for Comcast-TWC, and it's reset to Day 70 for AT&T-DirecTV. Comcast said it will continue to work with the FCC to complete its review of the transaction in 1Q15. AT&T said it continues to look forward to closing its deal in the 1st half of next year.

TV Tune Out: Nielsen's 3Q14 Total Audience report shows 4% YOY declines in total TV viewing, with the drop-off even more severe for younger audiences. For 18-24s, viewing fell 14%, and it dropped 9% for 12- to 17-year-olds. Nielsen found that Americans spent more than 141 hours a month with traditional TV in 3Q, with the overall population seeing an hour increase in time spent watching time-shifted content and a 4-hour increase watching video on the Internet. "While declines should level off eventually (and viewing levels would certainly look better if tablets and out-of-home viewing were included in the data), a concern is that if reported viewing levels continue to fall at these levels and if the

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industry is unable to generally make its case for why advertisers should use the medium, marketers who might otherwise have continued to focus their spending on TV may incrementally look towards other alternatives—namely digital media at a broader level,” said a research note from **Pivotal Research**. “Still, we think that is a secondary concern relative to the broader state of TV advertising at the present time, as we believe that marketer cost controls—at least among those who dominate TV spending—have generally been responsible for its tepid state.” Black viewers average the most time watching traditional TV (201 hours/month), while Hispanic and Asians under indexed (117 and 82 hours, respectively). Other findings: the average number of channels viewed has stayed pretty consistent at about 21 over the past 3 years, while the average PC streaming sites by brand visited has increased to 5.8 in 2014 from 4.5 in 2012. YOY, the number of broadcast-only with broadband access homes increased to 6.4mln from 5.4mln, while the number of cable plus broadband homes also increased, climbing to 80.1mln from 78.8mln in 3Q13.

Comcast-TWC Hating: Remember ComcastMustDie.com? That site has been dead for more than 5 years, but now there's StopMegaComcast.com. It belongs to a newly formed coalition of opponents to **Comcast's** plan to merge with **Time Warner Cable**. Members include **DISH, Public Knowledge, BlazeTV, WeatherNation, Parents Television Council** and others. The site looks pretty slick, and it has some eye-catching numbers, such as Comcast would end up with 71% of the local cable ad market and 91%+ of the Latino households. Comcast fought back with a blog entry, declaring that it was hardly surprising that the same organizations who have been opposing the merger are at it again and highlighting nearly 600 positive comments on the deal, including support from more than 100 Chambers of Commerce, 20 programmers and 150 state and local leaders.

SeaChange Rave: SeaChange unveiled OTT platform “SeaChange Rave” aimed at networks, studios and MVPDs. It allows for on-demand, time-shifted, live and downloaded content on any device, while supporting the company's data analytics and advanced advertising tech. Advanced content recommendations, discovery and social media are enabled through SeaChange's user experience and 3rd-party apps. SeaChange said Rave already has been chosen by OTT customer **BBC Worldwide** for its BBC Store, which will go live in 2015.

Nov Ratings: **AMC's** “The Walking Dead” accounted for 3 of the top 5 most-watched cable programs in Nov, but **ESPN's** MNF took the #1 spot with 13.4mln HHs (L+7). Technically, the telecast took place in Oct, but given the 10/27 date it was included in Nov rankings. ESPN was the #1 cable net in prime, averaging 3.9mln total viewers for Nov, followed by **Fox News** (2.1mln), **AMC** (1.95mln) and **Hallmark** (1.8mln). ESPN also pushed kids' nets **Nick** (1.33mln) and **Disney** (1.28mln) out of the top spot for total day, with an average of 1.39mln for the month. -- **Brag Book:** Disney Junior posted all-time monthly highs, ranking as the top preschool net in total day in total viewers, kids 2-5 and boys 2-5 for the 20th consecutive month. -- **Investigation Discovery** notched its best Nov ever in P2+ (776K), HHs (659K) 25-54s (243K) and 18-49s (282K). Helping the net in Nov was new series “Momsters: When Moms Go Bad,” which broke the record for ID's best primetime telecast ever for delivery among W18-49 (387k) at 10:30PM. -- **CNN** says it had one of its highest-rated months in recent history, even without carriage on **DISH** for most of the month. CNN averaged 452K total viewers in total day and 665K in prime, well below **Fox News** but above **MSNBC** (352K for total day, 611K in prime).

Title II's Taxing Problem: **NCTA** warned the **FCC** of the potential state tax implications that a decision to classify broadband as a telecom service under Title II could bring. In addition to federal assessments (such as USF contribution and regulatory fees), reclassification may subject cable operators on a local level to property taxes, transaction-based taxes/fees and income, franchise and gross receipts taxes. “These tax and fee increases could increase the cost of providing broadband service and increase the prices that consumers pay for broadband, both of which run counter to the statutory objective of universal access to broadband for all Americans,” the trade group wrote in a letter this week.

Programming: **Spike** ordered a 3rd season of “Catch A Contractor,” in which *Adam Carolla* confronts unscrupulous contractors. The new season, set to debut next summer, will film in Vegas. -- As “The Colbert Report” winds down its time on **Comedy Central**, *Stephen Colbert* will take the show on the road to DC, with the Dec 8 ep being filmed at George Washington Univ. -- **Food** premieres new series “Daphne Dishes” on Jan 4, featuring blogger/stand-up comedian *Daphne Brogdon* sharing her secrets to easy and impressive family-friendly meals. -- **DirectTV** teamed

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with *Harvey Weinstein* to make films “El Cid” and “Circus World,” both re-formatted in HD by Weinstein, available to its subs throughout Jan. -- *Frank Underwood* will be back Feb 27. **Netflix** announced the season 3 premiere date of its original series “House of Cards” through **Facebook** and **Twitter** this week.

Broadband Survey Says: What do broadband customers want from their communications service providers? According to **NetCracker’s** survey of more than 500 subs, most want faster access to order and repair status information (35%). Also ranking high: better personalized care and offers (29%) and alerts about problems and/or ways to save money (22%). Check out the full results at NetCracker360.com.

People: **Viamedia** tapped *John Victory* as gm in Hartford, CT. He’ll plan, direct and control all sales and operational activities in this market on behalf of **Frontier Communications**. Viamedia and Frontier recently inked a multi-year deal for Viamedia to run ad sales for Frontier’s newly acquired **AT&T U-verse** markets throughout CT. -- *Scott Ackerson*, currently **Fox Sports** evp, news, will retire in March, after which he will continue serving in an advisory capacity. The 13-time Emmy winner oversees **Fox Sports 1’s** news gathering and studio programming, including “America’s Pregame” and “Fox Sports Live.” He joined Fox Sports in ’94.

CableFAX Daily Stockwatch

Company	12/03 Close	1-Day Ch	Company	12/03 Close	1-Day Ch
BROADCASTERS/DBS/MMDs					
DIRECTV:	86.16	(0.77)	CONVERGYS:	20.96	0.07
DISH:	74.42	(0.85)	CSG SYSTEMS:	25.55	0.12
ENTRAVISION:	6.84	0.14	ECHOSTAR:	52.34	(0.39)
GRAY TELEVISION:	10.20	(0.14)	GOOGLE:	531.32	(2.43)
MEDIA GENERAL:	15.31	0.13	HARMONIC:	7.09	0.03
NEXSTAR:	51.66	0.59	INTEL:	37.43	(0.17)
SINCLAIR:	28.18	(0.38)	INTERACTIVE CORP:	64.96	0.38
MSOS					
CABLEVISION:	21.15	0.74	JDSU:	13.12	0.26
CHARTER:	167.78	(1.2)	LEVEL 3:	48.70	(0.17)
COMCAST:	57.14	0.12	MICROSOFT:	48.08	(0.38)
COMCAST SPCL:	56.98	0.20	NETFLIX:	355.12	2.81
GCI:	12.47	0.19	NIELSEN:	43.76	2.02
GRAHAM HOLDING:	907.61	12.72	RENTRAK:	81.79	(0.99)
LIBERTY BROADBAND:	53.57	(0.69)	SEACHANGE:	7.01	0.16
LIBERTY GLOBAL:	50.08	(0.39)	SONY:	21.95	(0.01)
SHAW COMM:	27.36	0.28	SPRINT NEXTEL:	4.69	(0.03)
TIME WARNER CABLE:	149.49	0.20	TIVO:	12.47	0.40
PROGRAMMING					
21ST CENTURY FOX:	37.25	0.06	UNIVERSAL ELEC:	60.74	0.38
AMC NETWORKS:	64.90	1.09	VONAGE:	3.35	0.01
CBS:	55.23	0.92	YAHOO:	50.28	(0.39)
CROWN:	3.52	0.08	TELCOS		
DISCOVERY:	35.31	0.39	AT&T:	34.00	(0.29)
DISNEY:	93.11	(0.36)	CENTURYLINK:	40.06	(0.66)
GRUPO TELEVISIA:	36.32	0.20	TDS:	24.84	(0.16)
HSN:	72.52	0.13	VERIZON:	48.79	(0.32)
LIONSGATE:	35.16	0.31	MARKET INDICES		
MSG:	72.76	0.41	DOW:	17912.62	33.07
SCRIPPS INT:	80.52	1.55	NASDAQ:	4774.47	18.66
STARZ:	33.18	(0.04)	S&P 500:	2074.33	7.78
TIME WARNER:	83.87	(0.61)			
VIACOM:	74.94	0.47			
WWE:	11.88	0.26			
TECHNOLOGY					
ADVANTAGE:	2.55	0.04			
AMDOCS:	48.37	0.32			
AMPHENOL:	53.70	0.62			
AOL:	45.57	(0.49)			
APPLE:	115.93	1.30			
ARRIS GROUP:	29.73	0.37			
AVID TECH:	12.69	0.20			
BLNDER TONGUE:	2.19	(0.1)			
BROADCOM:	43.25	0.33			
CISCO:	27.95	0.13			
COMMSCOPE:	25.66	0.01			
CONCURRENT:	6.81	(0.09)			



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Think about that for a minute...

But Do They Know?

Commentary by Steve Effros

The average consumer has no idea of what's going on in the various telecommunications "fights" being waged right now, and if they did, they'd be pretty upset. This is particularly awkward, since the self-annointed "consumer advocates" are forcefully arguing that the FCC should simply do what they want because "the public has spoken" and, lo and behold, has said it wants precisely the same thing those lobbyists say they want! What a surprise.



But does "the public" really know? And should the regulatory agency assume that statements made... on either side... by "the public" are actually informed and have significance to the policy issues (as opposed to the electoral ones)? I think the answer is no. Some simple examples should suffice to show the paucity of the argument that "the public" is on either "side" of such complex policy debates as the adoption of "Title II" regulation or even the amorphous, undefined notion of "net neutrality."

If I conduct a poll and ask you whether you are in favor of an "open" Internet that is not edited or throttled or blocked by big companies for their own benefit, what would you say? Of course you would be in favor of that, as am I. Save the Internet! But what if I asked you whether you favor imposing massive federal regulatory control over the Internet for the first time, and that the added regulation would trump state and local authority and impose significant new fees ("No New Taxes!") on anyone using the Internet? My guess is "the public" wouldn't be too keen about that, either, especially if the new taxes ran close to \$100 per year.

Both of those scenarios are highlighted by proponents and opponents of "Title II" regulation. But does "the public" know, or understand? Of course not.

How about all the new competition that is flourishing in the video market and the efforts to get more? Sounds good. But what if you point out to a television watcher that if they want to see "Game of Thrones" they will have to subscribe to HBO, but if they want to see Netflix's new exclusive series "Marco Polo," which has been described in similar terms to the HBO blockbuster, then they will have to get Netflix separately, and if more programming is offered "OTT" as is the fervent wish of the consumer advocates, they may wind up paying \$6 or so a month for each broadcast network and much higher costs for such network packages as ESPN/sports or the like?

Does the average television viewer or the average broadband user really know the direction we are moving in, and that in just about any changed format we can envision they will be paying more—lots more—and in some cases getting less? Oh, pardon me, they'll also be able to get it at a speed that their equipment is not likely to be able to use or need... but they'll pay for that, too! Do they know? I think not. The challenge, of course, is to get this information out, and because there is the expected back and forth between the "sides" of these debates all the time, it's very difficult for "the public" to know who to listen to. We already know they don't trust "big companies" or "government" or, for that matter, most pot-banging "activists!"

The best advice I can give is to just keep laying out the numbers and the facts and let folks figure it out for themselves. Right now, they don't know.

Steve

T:202-630-2099
steve@effros.com

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

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