

# Cablefax Daily™

Monday — December 8, 2014

What the Industry Reads First

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## Merger Friday: Comcast Answers Interconnection Inquiry

An ISP's quality and not its actual size largely explains interconnection price differences, according to *Mark Israel*, svp at DC-based economics consulting firm **Compass Lexecon**, which advises clients including government agencies like the **FCC**. **Comcast** cited the analysis in its **Time Warner Cable** merger filing posted Fri. The merger's impact on network interconnection is among the most debated issues, with some worrying that a bigger Comcast could manipulate interconnection prices. "In all specifications in which we control for network quality (regardless of how measured), we find no statistical support for the hypothesis that ISPs with larger subscriber bases are able to negotiate more favorable prices with **Cogent**," Comcast said. During recent meetings with the merging companies, **DOJ** and FCC staff asked questions including whether ISPs' network quality, including the downstream quality experienced by end-users, may be relevant to the value that edge providers (such as **Cogent**) derive from interconnecting with an ISP's network. The MSO noted that measures of downstream ISP quality are less directly relevant to the value of a direct interconnection agreement between providers like Cogent and an ISP than are measures of the quality of the interconnection. Based on interviews with Comcast engineers, the MSO's filing argued that the value of interconnection services increases directly in line with the number of interconnection points. That means more interconnection points both increase the value users derive from interconnection with the network (by offering greater redundancy) and decrease the interconnection costs (by reducing the average distance to reach the interconnection points). Comcast said its analysis is based on data from sources including the FCC's broadband measurement report, **Netflix's** ISP speed index, and **Ookla**, which collects and reports broadband speed and quality statistics. Vocal merger opponent Netflix has claimed that Comcast began demanding a recurring fee after content delivery networks (CDNs) such as Cogent started carrying Netflix traffic. Comcast responded saying Netflix has created congestion issues that degraded the performance of Netflix for ISPs' subs, in order to force ISPs to provide free interconnection services. Interconnection issues, which are often put under the net neutrality umbrella, could potentially arise during the House tech subcmte's open inter-

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net hearing. The event, originally scheduled for Dec 10, was pushed back (possibly into next year) due to a scheduling conflict.

**Retrans:** **Nexstar Broadcasting Group** warned **DISH** subs that they could lose programming at midnight Fri when the contract expires. The broadcaster claimed the 2 have been negotiating for more than a month. The satcaster is also in contract negotiations with **CBS**, **Turner** and 4 regional **Comcast SportsNet**.

**Issa Moves on:** Rep **Darrell Issa** (R-CA) will be moving on from the House Oversight Committee to become the chmn of the Judiciary subcmte on the Internet and intellectual property in the new 114th Congress. He will replace retiring **Howard Coble** (R-NC). **Doug Collins** (R-GA) was named vice chair.

**Cablevision vs CWA:** A National Labor Relations Board Administrative Law Judge rejected the **Communications Workers of America's** central charge against **Cablevision** and found that the MSO had bargained in good faith. However, the judge also found the MSO had violated several labor laws in its battle with **CWA**, which represents 264 of its Brooklyn technicians. Both the company and the union issued statements claiming they won in key aspects of the case.

**FOX Sports GO:** Through its authenticated **Fox Sports GO** app, Fox is set to provide live streams of the **Pac-12** Championship Game between #2 Oregon and #7 Arizona on Fri and the Big 10 Championship Game between #5 Ohio State and #13 Wisconsin on Sat. Featuring live streams of both games in English and Spanish, as well as a feed that will show "Cable Cam" overhead views shot from behind the quarterback, the app can be accessed across platforms.

**FCC Fines Broadcaster:** The **FCC** fined **Journal Broadcast Corp**, which owns station **KTNV-TV** in Las Vegas, \$115K for violating Commission rules that require broadcaster to disclose the identity of program sponsors. The station aired "Special Reports" that were actually commercials paid for by local car dealerships, the agency claimed. Because the station did not disclose that these were paid announcements, it violated the FCC's Sponsorship Identification Rule, the FCC said. The rule seeks to ensure consumers know who's trying to persuade them. Under the terms, Journal will file a compliance report with the agency within 3 months and then every year for 3 years.

**ESPN Adds Curling:** **ESPN** acquired US rights from the **Canadian Curling Association** to offer more than 300 hours of live programming from the Seasons of Champions curling events through March 2015. The move came after ESPN debuted the 2014 **European Curling Championships** on **ESPN3** a week ago.

**Ratings:** **NFL Network's** telecast of Thursday Night Football on Dec 4, which featured the Dallas Cowboys defeating the Chicago Bears, scored an average overnight HH rating in the 56 metered markets of 8.0, a +115% gain from last year's Week 14 Thursday Night Football game on the net. The 8.0 overnight rating is the 3rd highest overnight rating of all time for Thursday Night Football on the net.

**Comcast Business Expands:** **Comcast Business** is expanding its fiber network across metro Atlanta. The network will extend to several multi-tenant office buildings, such as the Atlanta Galleria Office Park. The project is part of a larger national effort by the MSO to extend its network in targeted metro regions.

**Cox Teams with Magna:** **Cox's** ad division **Cox Media** is teaming with **Magna Global**, the media investment unit of **IPG Mediabrands**, to create a private programmatic TV marketplace using the AudienceXpress platform. The partnership seeks to enable Magna Global clients to advertise through a single interface, targeting their audiences across Cox Media markets. The platform, which would also allow users to specify and measure geographic concentration of their campaigns based on audience data, is expected to debut in early 2015.

**Editor's Note:** Nope. We just don't think the creative geniuses that painstakingly assemble those wonderful promo trailers get enough credit, and we're determined to change that with **Cablefax's** inaugural Trailer Awards! For any marketers or PR professionals who have ever used promos and trailers to supercharge their publicity and awareness efforts, this is a chance to win recognition for all involved. Be sure to enter by the Dec 10 deadline (final deadline Dec 17). More info at cablefax.com.

**CableFAX Week in Review**

Company	Ticker	12/05 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
DIRECTV:	DTV	85.02	(2.44%)	23.11%
DISH:	DISH	73.20	(6.44%)	26.38%
ENTRAVISION:	EVC	6.88	8.86%	12.97%
GRAY TELEVISION:	GTN	10.27	(2.1%)	(0.96%)
MEDIA GENERAL:	MEG	15.55	(0.51%)	(31.19%)
NEXSTAR:	NXST	51.48	0.21%	(7.63%)
SINCLAIR:	SBGI	27.75	(6.15%)	(22.33%)

Company	Ticker	12/05 Close	1-Week % Chg	YTD %Chg
<b>MSOS</b>				
CABLEVISION:	CVC	21.32	5.54%	18.91%
CHARTER:	CHTR	167.61	(0.26%)	22.56%
COMCAST:	CMCSA	56.34	(0.91%)	8.41%
COMCAST SPCL:	CMCSK	56.10	(0.98%)	12.48%
GCI:	GNCMA	12.10	(0.41%)	8.52%
GRAHAM HOLDING:	GHC	941.10	6.17%	41.88%
LIBERTY BROADBAND:	LBRDA	54.45	0.18%	0.00%
LIBERTY GLOBAL:	LBTYA	49.27	1.83%	(21.74%)
SHAW COMM:	SJR	26.98	(0.92%)	10.85%
TIME WARNER CABLE:	TWC	147.53	(1.34%)	8.88%

Company	Ticker	12/05 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
21ST CENTURY FOX:	FOXA	37.81	4.10%	7.51%
AMC NETWORKS:	AMCX	62.96	(1.64%)	(7.56%)
CBS:	CBS	55.09	1.64%	(13.57%)
CROWN:	CRWN	3.58	6.23%	1.42%
DISCOVERY:	DISCA	33.97	(2.19%)	(62.43%)
DISNEY:	DIS	93.76	2.00%	22.72%
GRUPO TELEVISIA:	TV	36.42	(1.78%)	20.36%
HSN:	HSNI	71.45	(1.64%)	14.69%
LIONSGATE:	LGF	34.95	4.67%	10.39%
MSG:	MSG	73.84	1.29%	28.24%
SCRIPPS INT:	SNI	80.28	2.96%	(7.09%)
STARZ:	STRZA	28.85	(12.12%)	(1.33%)
TIME WARNER:	TWX	84.26	0.56%	20.85%
VIACOM:	VIA	77.40	4.93%	(11.81%)
WWE:	WWE	11.73	0.43%	(29.25%)

Company	Ticker	12/05 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
ADDVANTAGE:	AEY	2.55	5.81%	(5.2%)
AMDOCS:	DOX	48.30	0.10%	17.12%
AMPHENOL:	APH	53.72	1.40%	(39.76%)
AOL:	AOL	46.62	0.78%	0.00%
APPLE:	AAPL	115.00	(3.36%)	22.73%
ARRIS GROUP:	ARRS	28.71	(6.04%)	17.97%
AVID TECH:	AVID	12.69	8.55%	55.71%
BLNDER TONGUE:	BDR	2.33	(11.07%)	133.00%
BROADCOM:	BRCM	43.90	1.81%	48.06%
CISCO:	CSCO	27.50	0.26%	22.60%
COMMSCOPE:	CTV	25.57	(0.93%)	(3.62%)
CONCURRENT:	CCUR	6.87	(4.18%)	(15.91%)
CONVERGYS:	CVG	20.74	(1.05%)	(1.47%)
CSG SYSTEMS:	CSGS	25.69	0.78%	(12.62%)
ECHOSTAR:	SATS	52.90	(1.05%)	6.40%
GOOGLE:	GOOG	525.26	(2.8%)	(53.13%)
HARMONIC:	HLIT	7.24	0.42%	(1.9%)
INTEL:	INTC	37.67	2.09%	45.11%
INTERACTIVE CORP:	IACI	65.97	0.81%	(3.9%)

Company	Ticker	12/05 Close	1-Week % Chg	YTD %Chg
JDSU:	JDSU	13.32	2.07%	2.54%
LEVEL 3:	LVL	48.41	(2.3%)	45.95%
MICROSOFT:	MSFT	48.42	1.40%	29.43%
NETFLIX:	NFLX	350.92	(0.07%)	(4.69%)
NIELSEN:	NLSN	43.53	4.36%	(5.14%)
RENTRAK:	RENT	77.07	(10.06%)	103.40%
SEACHANGE:	SEAC	6.00	(10.31%)	(50.66%)
SONY:	SNE	22.16	2.17%	28.17%
SPRINT NEXTEL:	S	4.85	(4.34%)	(54.88%)
TIVO:	TIVO	12.23	2.34%	(6.78%)
UNIVERSAL ELEC:	UEIC	60.92	1.03%	59.85%
VONAGE:	VG	3.32	(3.49%)	40.08%
YAHOO:	YHOO	50.99	(1.81%)	26.09%

Company	Ticker	12/05 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	33.94	(3.39%)	(3.47%)
CENTURYLINK:	CTL	39.68	(2.19%)	24.58%
TDS:	TDS	24.82	(0.08%)	(3.72%)
VERIZON:	VZ	48.61	(2.86%)	(1.08%)

Index	Value	1-Week % Chg	YTD %Chg	
<b>MARKET INDICES</b>				
DOW:	DJI	17958.79	0.74%	8.34%
NASDAQ:	IXIC	4780.76	(0.14%)	14.47%
S&P 500:	GSPC	2075.37	0.12%	12.28%

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. ENTRAVISION:	6.88	8.86%
2. AVID TECH:	12.69	8.55%
3. CROWN:	3.58	6.23%
4. GRAHAM HOLDING:	941.10	6.17%
5. ADDVANTAGE:	2.55	5.81%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. STARZ:	28.85	(12.12%)
2. BLNDER TONGUE:	2.33	(11.07%)
3. SEACHANGE:	6.00	(10.31%)
4. RENTRAK:	77.07	(10.06%)
5. DISH:	73.20	(6.44%)

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