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What the Industry Reads First

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Verizon CFO: OTT-type Service Expected This Summer

Verizon has been relatively tightlipped about its over-the-top strategy since its acquisition of Intel's OnCue streaming platform, though execs have mentioned that Verizon's multicast service would use OnCue assets for mobile pay-TV during several events in the past year. CFO *Fran Shammo* teased during Thurs' 4Q earnings call about a streaming-type service that could go live as early as this summer. "There is a lot of positive things coming out of the environment," such as **DISH's** Sling TV launch at CES and **CBS** offering its own streaming service, Shammo said. "This just leads us to a path of content owners willing to open up their content to different models, and that's exactly what we are going to execute on it." Verizon is the 1st pay-TV operator to report 4Q results, with this earnings season sure to include plenty of talk about net neutrality as the FCC is expected to vote on net neutrality proposal in late Feb. "We would encourage Congress to adopt a legislative solution. Congress has the authority to adopt clear rules of the road that will allow policy makers in the industry to move on to more important things," Shammo said Thurs. And he took the opportunity to blast a potential Title II proposal. "The approach, in whole or in part, on Title II is an extreme and risky path that will jeopardize our investment and the development of innovation in broadband Internet and related services." In addition, it would "tie up in the industry in a very uncertain time and cause all types of litigation... I can absolutely assure you it would certainly change the way we've been viewing our investment in our networks," the exec said. The telco's successful challenge last year of the FCC's net neutrality regs was where the Commission's initiative to reinstall parts of the rules started. Verizon had a solid 4Q, adding 116K FiOS video subs. That's up from 92K in the year-ago period, reversing the recent trend that saw the telco's rate of growing its sub base slow. The company ended the year with 5.64mln video subs with a penetration rate of 35.8%. It added 145K FiOS Internet subs, up from 126K (41% penetration). The company ended the year with 6.6mln FiOS Internet subs. FiOS subs continued to sign up for higher speed tiers, a trend other ISPs also have reported. Nearly 60% of residential FiOS subs took a "Quantum" tier at the end of 2014, which offers speeds up to 500Mbps. That's up from 46% at the end of 2013. Financially, FiOS generated \$3.3bln revenues in the period, up 11.6% YOY. For the entire 2014, FiOS revenues reached \$12.7bln, up 13.6% YOY. The company launched its FiOS Quantum Gateway in Dec, the new router that is expected to offer speeds up to 800Mbps and

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wider area of coverage. There will be more marketing of the router this year, Shammo said. Looking ahead, “our focus will remain on driving higher [FiOS] penetration in the existing markets, which in turn will generate profitable growth and further improve our investment returns,” he said. Transitioning subs to fiber will continue this year, with another 200K copper customers in line for conversion in 2015.

Muni Broadband Bill: Sens *Cory Booker* (D-NJ), *Ed Markey* (D-MA) and *Claire McCaskill* (D-MO) on Thurs introduced the Community Broadband Act, which seeks to preserve the rights of cities to build municipal broadband networks. This comes 1 week after *President Obama* called for removing barriers to create public-run broadband networks. The legislation states that no statute or regulation from states and local govts can prohibit or substantially inhibit a public provider from offering telecom services. It also outlines that before such a project can begin offering service it must solicit public input and provide private-sector entities with an opportunity to bid to provide the services during a 30-day period beginning on the date public notice of the proposal is published.

The HBO OTT Question: You know how folks have dismissed HBO’s upcoming OTT offering as being more of a product for non-cable homes that won’t cannibalize the existing pay-TV base? **Parks Associates** sees things differently. Its research predicts that 17% of US broadband homes are likely to subscribe to the service (Parks asked respondents about their willingness to pay \$14.99/month for it). Of those 17%, 91% are current MVPD customers—and roughly half of those would cancel their multichannel service after subscribing to HBO, Parks said. **Netflix** also could be hurt, with Parks reporting that 40% said they would cancel the streaming service if they subscribed to HBO’s OTT product. **Hulu Plus**’ predicted cancellation rate was even higher, close to 60%. Respondents were most willing to subscribe to HBO’s OTT offering (17%) vs about 11% expressing a likelihood of subscribing to **CBS All Access** (\$5.99). Parks pegged willingness to subscribe to **Starz Play** at a \$14.99/month at about 10%, slightly ahead of OTT offerings from **Cinemax**, **Movieplex** and **Encore** at the same price point.

Google’s Lobbying Dollars: **Comcast** may have a big merger pending before regulators, but **Google** outspent it on lobbying last year. The Internet company spent a record \$16.83m, slightly ahead of Comcast’s reported \$16.8m for 2014, according to nonpartisan **Consumer Watchdog**’s analysis of records filed with the Clerk of the House. Comcast’s spending decreased 10% vs 2013’s \$18.7m, while Google’s spending was up 20%. **Time Warner Cable**’s spending decreased 6% over 2013 to \$7.83m. **AT&T**, whose proposed **DirectTV** merger is before regulators, spent 9% less last year (\$14.56m), the group said. **Facebook**’s lobbyist spending rose 45% to \$9.34m, according to Consumer Watchdog.

Same Day Windowing: New documentary film “Manny: Untold Story of Boxer Manny Pacquiao” will be available on cable’s VOD and PPV channels through **In Demand** today (Jan 23), the same day it opens in theaters. The film has a \$6.99 suggested retail point.

Yankees on WPIX: **YES** and **Tribune** reached a multi-year deal for PIX11 (**WPIX**) to have exclusive over-the-air rights to approximately 20 NY Yankees games in the NY DMA beginning with the ’15 season. PIX11 had been the broadcast home of the Yankees from ’51-’98. The most recent broadcast partner was **Fox-owned WWOR**. **YES**, which is 80% owned by Fox, remains the exclusive local TV rights holder for the Yankees, televising 125 games this season.

Showtime TVE Launch: **Suddenlink** customers now have **Showtime Anytime**, letting them access the net’s programming on computers, tablets, mobile, streaming devices and game consoles. Showtime Anytime includes on demand programming and live broadcast of both East and West Coast feeds of the net.

Programming: **Showtime Nets** acquired the rights to “Dreamcatcher” before its world premiere at the Sundance Film Festival Sun. The doc tells the story of *Brenda Myers-Powell*, whose Dreamcatcher Foundation fights to end human trafficking. -- From the programmer that brought you the Puppy Bowl, here comes the “Enfagrow Toddler Bowl,” which will debut on **TLC** and **Discovery Life** Feb 1 at noon and encore on **Discovery Family** at 2pm ET. The special will feature tots 1-3 going “diaper-to-diaper” in a series of physical challenges such as the 4-yard dash and breaking bubbles. If canines are more your thing, **Animal Planet** will bring back the Puppy Bowl for its 11th iteration. -- **USA** is offering live judging of all 192 breeds and varieties at the 139th Westminster Kennel Club Dog

BUSINESS & FINANCE

Show online at WestminsterKennelClub.org, starting at 8am ET Feb 16. The net will air the show's conclusion and Best In Show on Feb 17 from 8-11pm. -- "Matchbox Twenty Takeover" is scheduled for Feb 15 on **AXS TV**. For more than 12 hours, starting at noon ET, there will be exclusive band interviews and live concert performances from Counting Crows, Train, and others. It leads up to the 8pm debut of "Matchbox Twenty Live North," a concert film shot during the band's 2013 tour.

Walden at ACA Summit: ACA's Washington Summit will feature a keynote from **House Communications** subcommittee chairman **Greg Walden** (R-OR), Mar 3-5, Grand Hyatt in DC. Given the **FCC's** expected Feb 26 vote on a net neutrality order and Walden's opposition to Title II, should be an interesting speech! Walden and other GOP members are looking to head off a legal battle over the FCC's action by introducing a bill to ensure an open Internet.

NCTC Winter Confab: NCTC's Winter Educational Conference begins Mon in San Antonio, with **CableLabs** CEO **Phil McKinney** kicking off the 2-day event. Also on the agenda is a panel that includes several execs from NCTC member companies that have launched advanced video platforms, including OTT content. The co-op expects more than 500 invite-only attendees and 86 exhibit booths.

Cablefax Daily Stockwatch

Company	01/22 Close	1-Day Ch	Company	01/22 Close	1-Day Ch
BROADCASTERS/DBS/MMDS			CONVERGYS: 19.83 0.44		
DIRECTV:	85.48	(0.02)	CSG SYSTEMS:	24.82	0.12
DISH:	74.32	2.44	ECHOSTAR:	52.53	0.95
ENTRAVISION:	6.75	0.31	GOOGLE:	534.39	16.35
GRAY TELEVISION:	10.42	0.14	HARMONIC:	6.99	0.18
MEDIA GENERAL:	15.59	0.98	INTEL:	36.91	0.43
NEXSTAR:	52.12	2.26	INTERACTIVE CORP:	62.28	0.46
SINCLAIR:	26.47	0.97	JDSU:	13.37	0.15
MSOS			LEVEL 3:	50.09	0.57
CABLEVISION:	20.04	0.30	MICROSOFT:	47.13	1.21
CHARTER:	158.99	3.24	NETFLIX:	428.44	19.16
COMCAST:	56.57	0.80	NIELSEN:	45.13	1.27
COMCAST SPCL:	56.21	0.70	RENTRAK:	73.74	2.19
GCI:	15.78	0.41	SEACHANGE:	7.45	0.37
GRAHAM HOLDING:	897.33	12.65	SONY:	22.17	0.26
LIBERTY BROADBAND:	47.56	0.43	SPRINT NEXTEL:	4.29	(0.1)
LIBERTY GLOBAL:	46.77	(0.03)	TIVO:	10.95	0.22
SHAW COMM:	24.06	0.11	UNIVERSAL ELEC:	64.96	1.46
TIME WARNER CABLE:	146.09	2.76	VONAGE:	4.46	(0.01)
PROGRAMMING			YAHOO:	48.89	0.71
21ST CENTURY FOX:	34.56	0.65	TELCOS		
AMC NETWORKS:	66.84	2.40	AT&T:	33.79	(0.21)
CBS:	56.73	0.54	CENTURYLINK:	39.37	0.74
CROWN:	3.28	0.03	TDS:	24.37	0.34
DISCOVERY:	30.06	0.60	VERIZON:	47.80	(0.45)
DISNEY:	95.15	0.98	MARKET INDICES		
GRUPO TELEVISIA:	34.14	1.25	DOW:	17813.98	259.70
HSN:	74.39	1.95	NASDAQ:	4750.40	82.98
LIONSGATE:	28.66	0.41	S&P 500:	2063.15	31.03
MSG:	74.73	1.55			
SCRIPPS INT:	73.01	1.33			
STARZ:	28.78	0.12			
TIME WARNER:	81.72	0.99			
VIACOM:	68.81	1.05			
WWE:	10.36	0.23			
TECHNOLOGY					
ADVANTAGE:	2.33	(0.04)			
AMDOCS:	48.30	0.73			
AMPHENOL:	54.76	0.83			
AOL:	49.03	1.41			
APPLE:	112.40	2.85			
ARRIS GROUP:	28.14	0.06			
AVID TECH:	13.97	0.02			
BLNDER TONGUE:	2.02	0.15			
BROADCOM:	42.33	(0.28)			
CISCO:	28.50	0.66			
COMMSCOPE:	25.99	0.05			
CONCURRENT:	6.93	(0.07)			

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PROGRAMMER'S PAGE

NOLA's Nightwatchers

It takes strong souls to work nights in a city like New Orleans, where an average of 1K emergency calls occur every night. And that makes the city a pretty good destination for non-scripted shows. **A&E's** docu-reality series "Nightwatch," based on NOLA's emergency responders, came following exec producer *Rasha Drachkovitch's* (co-founder of production firm **44 Blue**) work in the city on **Animal Planet's** "Pit Bulls and Parolees." "I fell in love with the city," he told us. "It made sense to center 'Nightwatch' in a city of extremes. The juxtaposition between good times and disaster happens every night." And working with *Dick Wolf* ("Law & Order") means there's a familiar sense of emotional and physical intensity to the show, which debuted Thurs (1/22) at 10pm. The high intensity and fast-pace can be felt throughout the hour-long series as it follows multiple teams of emergency staff working the busiest and most unpredictable night shift. In the premiere ep, segments cover a car accident, police flooding a neighborhood investigating a shooting and a man bleeding from gunshot wounds. "From shootings and stabbings, to car chases and fights on Bourbon Street—it was all in a night's work for our production teams," Drachkovitch said. He acknowledged huge logistical challenges during filming. "We had multiple crews out filming across the city of New Orleans and they had to hustle to capture the action in a safe, professional way." Nightwatch expands **A&E Nets'** lineup of Louisiana-based series, which includes "Duck Dynasty" on A&E and "Swamp People" on **History**. "Reality television is about colorful characters in unique settings—that's why Louisiana is such a gold mine for shows," said Drachkovitch. And of course, it also doesn't hurt to have jambalaya, crawfish and "other 'Nawlins' cooking—the great perks of the job!" - *Joyce Wang*

Reviews: "Black Sails," Season 2 premiere, Sat, 9pm, **Starz**. In a way, Season 2 of "Black Sails" resembles **HBO's** "The Sopranos." Both chronicle bad guys. Yet like Tony's gang, Sails' 18th Century pirates are viewed as businesspeople, constantly seeking to earn money. Season 2 tops the freshman year; it looks better; the storyline is tighter and, between the swashbuckling, viewers learn about pirate commerce. -- "Sons of Liberty," Sun-Tues, 9pm, **History**. Finally, *Sam Adams* receives credit for his key role in the Revolution, instead of merely being the namesake of a beer. Purists may scoff at History for presenting historical fiction, yet exposing viewers to the characters, events and the spirit of the times is the goal here, not documenting history. The revolutionary experience is expertly captured mainly through production values. Romania plays Massachusetts well, complete with a grimy Boston Harbor and much street fighting. An almost unrecognizable *Dean Norris* contributes a fine *Ben Franklin*. -- "The Americans," Season 3 premiere, Wed, 10pm, **FX**. This critically acclaimed series about KGB spies living as Americans constantly raises dramatic stakes. Inducting a daughter into 'the family business' is one of this season's tensions. -- "Discovering Lucy Angel," Tues, 9pm ET, **AXS TV**. Country fans will enjoy this backstage look at a mother-daughters trio seeking to vault to big-time country music fame. - *Seth Arenstein*

Basic Cable Rankings (1/12/15-1/18/15) Mon-Sun Prime			
1	ESPN	3.7	3506
2	USA	1.6	1535
3	TBSC	1.5	1487
4	DSNY	1.4	1376
5	HIST	1.2	1155
5	FOXN	1.2	1152
5	TNT	1.2	1151
5	HGTV	1.2	1136
5	DSE	1.2	79
10	LIFE	1.1	1086
10	DISC	1.1	1058
12	FX	0.9	834
12	ID	0.9	810
14	ADSM	0.8	788
14	TLC	0.8	778
14	FAM	0.8	757
17	FOOD	0.7	721
17	A&E	0.7	719
17	NAN	0.7	652
17	SYFY	0.7	651
17	AMC	0.7	625
17	BRAV	0.7	615
17	HALL	0.7	615
24	TVLD	0.6	561
24	BET	0.6	488
24	DSJR	0.6	467
27	SPK	0.5	487
27	APL	0.5	474
27	OWN	0.5	438
27	H2	0.5	322
27	VEL	0.5	320
27	HMM	0.5	262
27	DFAM	0.5	29
34	CNN	0.4	423
34	CMDY	0.4	407
34	MSNB	0.4	407
34	ESP2	0.4	402
34	MTV	0.4	398
34	VH1	0.4	375
34	EN	0.4	354
34	NGC	0.4	345
34	TRAV	0.4	321
34	WETV	0.4	302
34	GSN	0.4	299
45	TRU	0.3	311
45	HLN	0.3	282

*Nielsen data supplied by ABC/Disney

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