

Cablefax Daily™

Friday — March 13, 2015

What the Industry Reads First

Volume 26 / No. 048

Merger Talk: Could Bright House Find a New Home with Charter?

Probably no outsiders will know if **Charter** really will try to buy **Bright House** until after regulators have weighed in on **Comcast-Time Warner Cable**, but it looks like investors like the idea. Charter shares closed up 6% after *Bloomberg* broke the news, citing people with knowledge of the matter, that the 2 are in talks and have agreed on the outline of a potential all-stock deal. Charter declined comment, while Bright House, which has been pretty quiet since the TWC deal was announced, did issue a statement. "Since the Time Warner Cable/Comcast transaction was announced, there has been some speculation regarding Bright House. While we have had conversations with many parties about this transaction, we do not have an agreement with anyone regarding future plans for Bright House," it read. There have been questions about what the Comcast-TWC deal and related Charter transactions means for Bright House, as it pays TWC to handle certain business arrangements, including negotiating retrans and programming contracts. Bright House has told the FCC it's not a party to the TWC merger agreement, and sees it simply as an opportunity for Comcast to replace TWC in the existing partnership. But **ACA**, as well as the **ABC**, **CBS** and **Fox** affiliate groups, have opposed Comcast taking on that negotiating-for-Bright-House role post-merger. The issue seems unsettled, with Bright House CEO *Steve Miron* making a presentation at the **FCC** in December on TWC's supply of external connections critical to its provisioning of Internet service. The news of a Bright House possible acquisition raises obvious questions: Does Charter think Comcast-TWC won't get done? Or is it just further evidence that Charter really wants to get bigger, and this is the next step following its acquisition of systems in the Comcast-TWC transaction? The jury appears to be out, although analyst *Craig Moffett* noted that if *Bloomberg's* report that the companies have been in talks for "months" is accurate, it "would pour cold water on the theory that Charter's interest in BHN reflects anything particularly recent about the prospects of the Comcast deal." Bright House has about 2.5mln customers, which are concentrated in central FL and Tampa Bay as well as Indianapolis, Bakersfield, CA; and parts of AL, including Birmingham. "Strategically, word of the talks underscores Charter's ambition to get bigger in cable, regardless of what happens with TWC. But it runs counter to Charter's desire to steer clear of FiOS overlap," *Moffett* wrote in a **MoffettNathanson** research note. He estimates that Bright House overlaps FiOS in as much as 30% of its footprint—higher than any other MSO, save Cablevision.

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Unleashing Title II: Two weeks after the **FCC** voted 3-2 in favor of a Title II approach to net neutrality, the agency released the order. All 300+ pages (it tops 400 when you add in statements and the appendix). Everyone said what you thought they would say. Republicans railed (**House and Senate Commerce** leaders referenced govt's "heavy hand" for regulating the Internet as a utility—they'll get the chance to rail more during hearings next week), ISPs balked (**AT&T** said it ushers in a period of "uncertainty that will damage broadband investment in the United States"), and public interest groups celebrated (**Free Press** declared the rules "an all-too-rare example of Washington actually working for the people"). Barring court intervention, the order would take effect 60 days after appearing in the Federal Register. The exception is the enhanced transparency rules, which are the 1 thing the court didn't throw out of the 2010 open Internet rules. The expanded transparency rules must be vetted by OMB to ensure that it meets the Paperwork Reduction Act.

FCC Order Breakdown: **NCTA** said the order confirmed its fear that the **FCC** has gone beyond creating enforceable open Internet rules and encouraged Congress to intervene. In case you don't want to read 400-some pages, here is a rundown of NCTA's main issues with the order. **Reclassification:** The FCC order contends that the way broadband is sold and used has changed as it makes its case for switching more than a decade ago, when "many consumers would use homepages supplied by their broadband provider." Look for cable to argue that the way broadband is sold hasn't changed that much, and that consumers are still using Comcast.net and other ISP-supplied services, including spam and malware protection. **Rate Regulation:** When you hear Sect. 201B thrown around, cable's most likely talking about rate regulation. With a framework in place for "case-by-case evaluations" governing broadband providers actions, ISPs believe the door is open for rate complaints. Analysts are also concerned. "If the complaint process is used in an aggressive manner, interconnection agreements of all kinds could find themselves under FCC scrutiny, with the possibility that FCC changes the terms of the interconnection either on technical grounds (speed/quality) or how parties pay for the arrangement," said **Evercore ISI** analysts. **Pole Attachment Rates:** The FCC declined to forbear Sect 224, which cable argues means the cable rate for pole attachments could become the more expensive telecom rate. **Packet Loss:** The order adds packet loss as a measure of network performance that must be disclosed under the FCC's enhanced transparency rules. NCTA argues on its blog that ISPs could be improperly incentivized to minimize packet loss, which may sound good, but could actually degrade Internet performance because packets would have to wait in long lines to go through the Internet. **The Fourth Rule:** The order's bright-line rules: "No blocking, No throttling, No paid prioritization" have the general support of cable operators (it's Title II that they're balking at). But the order has a 4th rule that is anything but clear, NCTA argues. It states: "No unreasonable interference or unreasonable disadvantage to consumers or edge providers." With the parameters not clearly defined, critics worry everything under the kitchen sink could be put under here for complaint purposes.

Google Fiber Numbers Report: While many see **Google** Fiber as a threat to traditional ISPs, the provider's penetration so far suggests a different story. Google ended last year with a little under 30K video subs, according to **MoffettNathanson**, citing numbers from the **US Copyright Office**, which tracks video penetration under compulsory license fee requirements. That includes 194 in Stanford, 7,026 in Kansas City, KS, 20,140 in Kansas City, MO, and 2,507 in Provo, Utah. In terms of penetration based on homes passed, it's 5% in Stanford, 13% in Kansas City, KS, 10.5% in Kansas City MO, and 8% in Provo. Though Google Fiber is growing rapidly, "it [penetration rate] is testament to how hard, and how slow, it is to build scale as an overbuilder," analyst **Craig Moffett** said in a research report. "To Cable & Satellite investors, Google Fiber is a bit like Ebola: very scary and something to be taken seriously... but the numbers are very small, it gets more press attention than it deserves, and it ultimately doesn't pose much of a risk (here in the U.S. at least)."

MVPD Definition: The **FCC** Media Bureau granted **NCTA's** request for more time to respond to reply comments in its NPRM on expanding the MVPD definition to include online video distributors. NCTA wanted 30 extra days, given the more than 800 pages filed from 40+ parties, but it got only a 2-week extension. Replies are now due Apr 1 instead of March 18.

HD Exemption: The **FCC** has tentatively concluded it's in the public's interest to expand small cable operators' exemption to carrying HD broadcast signals under the material degradation provisions of the Communications Act. It put out a notice Thurs seeking comment on the **ACA's** request for an additional 3 years exemption from the requirement. The exemption for small ops with 552 MHz or less channel capacity or with fewer than 2500 subs expires June 12 unless the FCC acts.

Participant Upfront: As part of parent **Participant Media's** upfront announcement, **Pivot** ordered a new slate of original series, including an investigative series scheduled to debut in 4Q. The net will also start a new Wed night documen-

BUSINESS & FINANCE

tary programming block with the TV premiere of "Gardeners of Eden." In addition, Participant's TakePart.com, which hosts consumer generated content, launched a new sponsored content collaboration, "Save Our Cities," with the **National Urban League** in response to the organization's latest The State Of Black America report.

Programming: TLC booked a non-scripted series dubbed "All That Jazz" (wt). The 11-ep series follows teen Jazz, who was assigned male at birth, and her family. -- Following its rebrand as the place for "Way More Fun," **truTV** renewed 4 series, including "Hack My Life," "How to Be a Grownup," "truTV Top Funniest," and "Barmageddon." The net also ordered a new series "Six Degrees of Everything," a comedic look at connections between various topics.

On the Circuit: The Association of Cable Communicators will hold its annual educational conference, FORUM 2015, in Silver Spring, MD, June 3-5 at the **Discovery Comm** hq. **UP** and **Aspire** public relations vp *Chel-sye Burrows* and **Suddenlink** svp of corporate communications *Pete Abel* are conference co-chairs. The event's theme is "Innovation and Disruption: Telling Cable's Story in Times of Change." It will explore how technical advances are generating new products, but also creating new competitors with OTT video providers, new SVOP options and others entering the home and mobile entertainment market.

Cablefax Daily Stockwatch

| Company | 03/12 Close | 1-Day Ch | Company | 03/12 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| BROADCASTERS/DBS/MMDS | | | | | |
| DIRECTV: | 86.14 | 0.51 | COMMSCOPE: | 26.09 | (0.17) |
| DISH: | 74.73 | 1.50 | CONCURRENT: | 6.64 | (0.32) |
| ENTRAVISION: | 6.65 | 0.18 | CONVERGYS: | 22.15 | 0.92 |
| GRAY TELEVISION: | 13.96 | 0.75 | CSG SYSTEMS: | 29.63 | 0.45 |
| MEDIA GENERAL: | 15.49 | 0.19 | ECHOSTAR: | 52.09 | 0.38 |
| NEXSTAR: | 56.34 | 1.39 | GOOGLE: | 555.51 | 4.33 |
| SINCLAIR: | 28.07 | 1.43 | HARMONIC: | 7.68 | 0.20 |
| MSOS | | | | | |
| CABLEVISION: | 18.03 | 0.46 | INTEL: | 30.80 | (1.53) |
| CHARTER: | 193.46 | 10.85 | INTERACTIVE CORP: | 68.64 | 0.90 |
| COMCAST: | 59.33 | 1.27 | JDSU: | 13.83 | 0.23 |
| COMCAST SPCL: | 58.92 | 1.18 | LEVEL 3: | 54.82 | 1.28 |
| GCI: | 14.10 | 0.57 | MICROSOFT: | 41.02 | (0.96) |
| GRAHAM HOLDING: | 1065.12 | 35.36 | NETFLIX: | 448.32 | 8.13 |
| LIBERTY BROADBAND: | 55.54 | 2.60 | NIELSEN: | 43.17 | 0.50 |
| LIBERTY GLOBAL: | 52.70 | 0.34 | RENTRAK: | 56.09 | 0.08 |
| SHAW COMM: | 22.69 | 0.14 | SEACHANGE: | 7.70 | 0.16 |
| SHENTEL: | 29.32 | 1.20 | SONY: | 27.13 | 0.29 |
| SHENTEL: | 29.32 | 1.20 | SPRINT NEXTEL: | 5.10 | 0.05 |
| TIME WARNER CABLE: | 156.63 | 3.99 | TIVO: | 10.79 | 0.18 |
| PROGRAMMING | | | | | |
| 21ST CENTURY FOX: | 34.58 | 0.39 | UNIVERSAL ELEC: | 56.30 | 0.49 |
| AMC NETWORKS: | 71.99 | 0.52 | VONAGE: | 4.53 | 0.03 |
| CBS: | 61.65 | 2.06 | YAHOO: | 42.95 | 0.45 |
| CROWN: | 3.90 | 0.25 | TELCOS | | |
| DISCOVERY: | 32.39 | (0.01) | AT&T: | 33.13 | 0.51 |
| DISNEY: | 107.17 | 4.28 | CENTURYLINK: | 35.21 | (0.08) |
| GRUPO TELEVISIA: | 34.48 | 0.06 | TDS: | 25.53 | 0.68 |
| HSN: | 67.96 | 2.01 | VERIZON: | 48.73 | 1.05 |
| LIONSGATE: | 33.32 | 0.83 | MARKET INDICES | | |
| MSG: | 76.81 | 0.94 | DOW: | 17.00 | 433.00 |
| SCRIPPS INT: | 72.47 | 0.25 | NASDAQ: | 4893.29 | 43.35 |
| STARZ: | 33.60 | 0.45 | S&P 500: | 2065.95 | 25.71 |
| TIME WARNER: | 84.57 | 1.63 | TECHNOLOGY | | |
| VIACOM: | 69.90 | 0.56 | ADVANTAGE: | 2.30 | UNCH |
| WWE: | 17.11 | 0.76 | AMDOCS: | 51.91 | 0.08 |
| TECHNOLOGY | | | | | |
| ADDVANTAGE: | 2.30 | UNCH | AMPHENOL: | 58.29 | 1.00 |
| AMDOCS: | 51.91 | 0.08 | AOL: | 39.50 | (0.26) |
| AMPHENOL: | 58.29 | 1.00 | APPLE: | 124.45 | 2.21 |
| AOL: | 39.50 | (0.26) | ARRIS GROUP: | 30.12 | 0.34 |
| APPLE: | 124.45 | 2.21 | AVID TECH: | 14.81 | (0.04) |
| ARRIS GROUP: | 30.12 | 0.34 | BLNDER TONGUE: | 1.67 | 0.04 |
| AVID TECH: | 14.81 | (0.04) | BROADCOM: | 44.72 | 0.93 |
| BLNDER TONGUE: | 1.67 | 0.04 | CISCO: | 28.24 | (0.02) |
| BROADCOM: | 44.72 | 0.93 | | | |
| CISCO: | 28.24 | (0.02) | | | |



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PROGRAMMER'S PAGE

Class Resurrection

As more content bounces back and forth between linear and online distribution, some series are gaining a second life on other platforms. Such is the case of the cult-favorite comedy series "Community," which was canceled by **NBC** last May. The series will be resurrected Mar 17 on **Yahoo Screen**, with a pair of episodes to start and then 1 every Tuesday. "It will be weird when we get canceled by the Internet," joked creator *Dan Harmon* at the **Television Critics Association** winter press tour in Jan. The cast alluded to constant fear of cancelation while at NBC. "Snapchat. We could be a Snapchat show," quipped cast member *Gillian Jacobs*. "I'm sure they're looking for content." Joking aside, the cast and creators were ecstatic to be continuing their run. So how does moving online change things? In terms of production, not much. "You would be surprised how very little that changes, because a studio like **Sony**, they have a template for production of television," Harmon said. They shoot on the **CBS** Radford Lot now, though, and that's changed things in certain ways. For one, they could shoot outside for the first time in years. "There's a lot more open air, harkening back to Season 1 of Community. It feels a little more cinematic," Harmon said. How about creative differences? Moving from the **Nielsen**-dependent TV world allowed for more freedom. "That goes away... and there is a little bit more the corset loosens a little bit," said Harmon. But it's a fine line to take that freedom and run with it. "It would be very easy to completely corrupt the tone of the show... and I definitely don't want to make the mistake of making the show unrecognizable," he said. But even in this 1st, er, 6th season, there's creative evidence of the "more liberal environment." That's not to say it's a free for all, though. "Notes are welcome. Yahoo gives notes. Sony gives notes. And we need them." — *Kaylee Hultgren*

Reviews: "Episodes," Season 4 finale, Sun, 10:30pm, **Showtime**. There are several ways to whack Hollywood [see next review]. This comedy has a sensible British couple (*Tamsin Greig, Stephen Mangan*), whose experience in Hollywood has gone terribly wrong, doing the work. In this week's finale to one of its funniest seasons, desperation forces *Matt LeBlanc* to host a game show produced by an old nemesis (the hilarious *John Pankow*). -- "Barely Famous," premiere, Wed, 9:30pm, **VH1**. This faux doc is a less-trenchant send-up of Hollywood, although early eps have their moments. We'll give "Barely" room to succeed since sisters *Erin and Sara Foster* live the life they're spoofing, which should lead to truthful laughs. In addition, cameos from *Kate Hudson* and *Jessica Alba* are strong. -- "Breaking Borders," premiere, Sun, 9pm, **Travel**. Serious issues on Travel? Yes. Journalist *Mariana van Zeller* and chef *Michael Voltaggio* explore global hotspots and try to bridge gaps by inviting opposing factions to a sumptuous meal. In Sunday's pilot, neither the issues nor the meal are explored in enough depth, still it's an informative hour, and Travel deserves huge props for the attempt. -- "Killer IQ: Lion vs Hyena," Sun, 11am, **Smithsonian**. There's much to admire here. *Kevin Richardson's* incredible relationship with lions and hyenas, plus the experiments he conducts with these predators. Amazing stuff. — *Seth Arenstein*

| Basic Cable Rankings (3/02/15-3/08/15) | | | |
|---|------|-----|------|
| Mon-Sun Prime | | | |
| 1 | FOXN | 0.8 | 1934 |
| 2 | TBSC | 0.7 | 1767 |
| 2 | AMC | 0.7 | 1745 |
| 2 | USA | 0.7 | 1742 |
| 2 | DSNY | 0.7 | 1738 |
| 6 | DISC | 0.6 | 1524 |
| 6 | HGTV | 0.6 | 1508 |
| 6 | ESPN | 0.6 | 1488 |
| 6 | TNT | 0.6 | 1455 |
| 6 | HIST | 0.6 | 1422 |
| 6 | DSE | 0.6 | 143 |
| 12 | ADSM | 0.4 | 1089 |
| 12 | NAN | 0.4 | 1033 |
| 12 | FOOD | 0.4 | 973 |
| 12 | TLC | 0.4 | 961 |
| 12 | A&E | 0.4 | 944 |
| 12 | SYFY | 0.4 | 923 |
| 12 | BRAV | 0.4 | 849 |
| 12 | ID | 0.4 | 793 |
| 12 | DFAM | 0.4 | 74 |
| 21 | LIFE | 0.3 | 825 |
| 21 | FX | 0.3 | 820 |
| 21 | FAM | 0.3 | 801 |
| 21 | SPK | 0.3 | 724 |
| 21 | TVLD | 0.3 | 711 |
| 21 | VH1 | 0.3 | 660 |
| 21 | HALL | 0.3 | 644 |
| 21 | APL | 0.3 | 640 |
| 21 | DSJR | 0.3 | 587 |
| 21 | BET | 0.3 | 582 |
| 21 | OWN | 0.3 | 531 |
| 21 | BOOM | 0.3 | 303 |
| 33 | CMDY | 0.2 | 585 |
| 33 | MSNB | 0.2 | 534 |
| 33 | GSN | 0.2 | 506 |
| 33 | MTV | 0.2 | 503 |
| 33 | CNN | 0.2 | 492 |
| 33 | NGC | 0.2 | 473 |
| 33 | WETV | 0.2 | 465 |
| 33 | TRAV | 0.2 | 449 |
| 33 | LMN | 0.2 | 448 |
| 33 | TRU | 0.2 | 420 |
| 33 | H2 | 0.2 | 413 |
| 33 | SCI | 0.2 | 411 |
| 33 | ESP2 | 0.2 | 408 |
| 33 | EN | 0.2 | 397 |

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