

Cablefax Daily™

Thursday — June 11, 2015

What the Industry Reads First

Volume 26 / No. 111

Stay Watch: No Word Yet, House Appropriations Bill Goes After FCC Funding

If the DC Circuit is going to come to the rescue, time is running out. All eyes are on the court today to see if there is a last minute reprieve before the **FCC's** Title II-based net neutrality rules go into effect on Fri. **NCTA**, which is among parties requesting a stay pending the legal challenge of the rules, has indicated it probably won't appeal if a stay isn't granted. The thought among many parties is that the court will likely examine the matter on an expedited basis, so it will concentrate on the legal challenge. But if the rules stand, "complaints could come as soon as tomorrow," **TechFreedom** pres *Berin Szoka* said, suggesting groups will "push the envelope" on the issues of pricing of broadband access, how to apply interconnection rules and privacy regulations. While there's been no major movement toward a legislative fix, a **House Appropriations** bill from Financial Services attempts to intervene. The 156-page bill, released Wed, includes \$315mln in funding for the agency, but it has a provision that says none of the funds can be used to implement the rules until the legal challenges are resolved. It also has a line specifically banning rate and data cap regulation. Szoka said he's "pretty skeptical" about this approach. "Once the order goes into effect... the FCC will have legally changed its interpretation of Title II, which opens the door not just for the FCC to do things, but for private plaintiffs to bring lawsuits and for states to act," he said. "Really, I think there are only 2 ways out of this. For either the courts to do something—for the courts to stop the FCC from reclassifying. Or Congress to pass legislation that actually blocks Title II." On Mon, nonprofit Internet policy think tank **TechFreedom** joined cloud services provider **CARI.net** and Internet entrepreneurs *Jeff Pulver, Scott Banister, Charles Giancarlo, David Frankel* and *Wendell Brown* in filing a motion seeking to intervene in support of **US Telecom** and other petitioners asking the DC Circuit to declare the Feb Open Internet order unlawful.

HD Carriage Exemption: When the **FCC** proposed earlier this year, extending the HD carriage exemption for some small cable operators for 3 more years **ACA** cheered the news as **NAB** booed. But that wasn't the end of it. The 2 groups worked together to come up with a compromise, which the Commission approved on Wed. Beginning Fri, a small cable system not offering any programming in HD is exempt from the HD carriage requirement. As of Dec 12, 2016, a cable system using the HD exemption can no longer be eligible to use it once it offers any programming in HD. The order also

ADVERTISE TODAY!

Cablefax Top Ops

Gain the attention of the top operators and showcase your brand's products and services. Two-page spread including company profiles are available. View the winners at www.TopOpsMag.com.

Industry Distribution Includes: The Independent Show, SCTE Cable-Tec Expo, Cablefax's TV Innovation Summit, Program Awards & Top Ops Breakfast and more!

Contact: Rich Hauptner at rhauptner@accessintel.com
Olivia Murray at omurray@accessintel.com.

Ad Space Close: June 22
Publication date: July 10

SAVE THE DATE:

OCT. 1

Join Cablefax for the
Program & Top Ops
Awards Breakfast on
October 1. Register at:
www.TopOpsMag.com

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Associate Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Sr Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Dir. of Business Dev.: Rich Hauptner, 203.899.8460, rhauptner@accessintel.com ● Jr. Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● Dir. of Market Dev.: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Production: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Sub Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,649/year ● Access Intelligence, LLC, 4 Choke Cherry Road, 2nd Floor, Rockville, MD 20850

revises the definition of “small cable system,” changing it to a system serving 1500 or fewer subs and that is not affiliated with a cable op serving more than 2% of all MVPD subs or has activated channel capacity of 552 MHz or less. Previously, the exemption applied to systems with 2500 or fewer subs and that were not affiliated with an operator serving more than 10% of all MVPD subs. “We find that the compromise reached by ACA and NAB as reflected in the joint proposal reasonably balances the interest of broadcast stations in having their HD signals transmitted in HD and the interest of small cable operators in upgrading their systems to carry HD broadcast signals in a manner that is cost efficient,” the FCC said.

All Eyes on McCaskill: Like much of the industry, we’re trying to make heads or tails of the news that the **Senate Permanent Subcommittee on Investigations** is sending cable ops subpoenas seeking info on programming contracts and other sensitive info related to over-the-top video service. *Multi’s John Eggerton* broke the news of the subpoenas, which sources confirmed. No real details on why the committee wants this info, but it’s worth noting that Sen *Clarie McCaskill* (D-MO) is the ranking Democrat on the committee. Why does that matter? She’s pretty interested in cable... Last June, she launched a campaign asking consumers to detail deceptive or confusing cable bills—adding a “Submit Your Scam” section to her Website. With **Charter’s** St Louis ties, she may be the lawmaker to watch as the MSO proceeds with its planned acquisition of **Time Warner Cable** and **Bright House**.

Herzog at PromaxBDA: Monetizing online content remains “the biggest challenge for everyone in this room,” said *Doug Herzog*, pres of **Viacom Music & Entertainment Group**, as he urged **PromaxBDA** attendees Tues afternoon to persevere. “There’s a delta there, and we’ve got to figure out a way to catch up,” he said. “That’s where we’ve got to go because that’s where the audience goes.” But ultimately he said it comes down to great content. “Without it, you have nothing to measure,” he said. “Knowing that content rules the day, it helps me sleep.” Herzog also reflected on his early days at **MTV** when it dominated youth culture. “All roads used to come to MTV,” he said. “I don’t think anybody can be that anymore. The world is fragmented to the point where no one can be everything.” As for **Comedy Central**, he said “people really didn’t take it seriously” until it achieved success with “The Daily Show” and “South Park.” But anyone who says they could predict how big those shows would become is “just full of it.” Said Herzog: “You’ve got to deliver something new and fresh and distinctive.” Sometimes that can backfire, with the controversy over old tweets by incoming Daily Show host *Trevor Noah* blowing up while Herzog was on vacation. “I was sitting in this vacuum watching Twitter explode, and it was a dark place,” he said. But Herzog said that while it never occurred to anyone to check Noah’s old Twitter feed, he’s not sure whether finding those tweets would have changed the decision. “What would we really have done?” he asked. “I’m not sure what we would have really done.” Indeed, Noah is still slated to be the next Daily Show host.

Interconnection Deal: Add **AT&T** and **Cogent** to the list of service providers to ink interconnection deals. “This will not only improve efficiency of traffic exchange, but also create additional capacity and new interconnection locations between the networks allowing customers to continue to experience high-quality performance and network reliability,” the companies said in a joint statement Wed, 2 days before the **FCC’s** net neutrality order is set to go into effect. Cogent signed a similar pact with **Verizon** in May.

DOTCOM Act: The **House Communications** subcmte passed the DOTCOM Act Wed following an amendment that requires the administration to submit to Congress a report certifying that the transition plans meet the US objective of global Internet openness. It also provides safeguards designed to make **ICANN** more accountable to the Internet community and gives Congress 30 legislative days to review **NTIA’s** report before the agency relinquishes its role. The bill offers a roadmap for transition of the Internet domain naming function from U.S. oversight to a multi-stakeholder model. NTIA, the Obama Administration’s telecom arm, announced last year that it plans to end its oversight of ICANN’s Internet Assigned Numbers Authority. While Republicans generally oppose the move, Democrats support the transition. **The Internet Governance Coalition**, which counts **AT&T**, **Comcast**, **Facebook** and **Microsoft** as members, praised the bill. **NCTA** said the bill provides “important protections and appropriate Congressional oversight to ensure that transition of the oversight of IANA to the multi-stakeholder model is managed responsibly.” The Senate is considering its own version of the DOTCOM Act.

Starz Powers Up: **Starz** picked up original drama “Power” for a 3rd season, fresh off its record-setting season 2 premiere. Sat’s debut drew 1.43mln live+SD viewers, making it the most ever for a Starz original series season premiere ep. It’s also represents almost 1mln more viewers than Season 1’s premiere. Factor in gross weekend views, and Power notched 3.62mln Live+SD viewers, besting “Spartacus: Vengeance” ep 5 (3.3mln weekend viewers) as its most-watched original

BUSINESS & FINANCE

ep ever. Starz's Power ranks as the 4th-most watched premium net original premiere this year, behind HBO's "Game of Thrones" and "Silicon Valley" and Showtime's "Shameless."

iPad App for Vue: Sony launched an iPad app for PlayStation Vue, a streaming device that has been launched in Chicago, NY and Philly. The move makes iPad the 1st mobile device outside Sony's own device lineup to support Vue. The app enables live TV and VOD, cloud DVR, among other things.

People: Comcast tapped *Daniel Murdock* as vp, corporate controller. He will oversee accounting policies and procedures, reporting controls and Sarbanes-Oxley compliance, and reports to *Lawrence Salva*, evp and chief accounting officer. -- **Univision** upped *Roberto Ruiz* to evp, strategy and insights, effective immediately. He will continue to report to *Kevin Conroy*, chief strategy and data officer and pres of enterprise development. Ruiz joined the company in 2008 as vp of strategy and insights. -- **Discovery Networks Latin America/US Hispanic** division tapped *Allan Navarrete* as gm and *Angela Recio Sondon* as vp of content, both effective immediately. While Navarrete will report directly to *Enrique Martinez*, pres and managing dir of Discovery Networks Latin America/US Hispanic and Canada, Sondon will continue to report to *Carolina Lightcap*, head of content for the division.

Cablefax Daily Stockwatch

Company	06/10 Close	1-Day Ch	Company	06/10 Close	1-Day Ch
BROADCASTERS/DBS/MMDs					
DIRECTV:	92.07	0.17	COMMScope:	25.95	(0.23)
DISH:	72.55	(0.47)	CONCURRENT:	6.58	0.02
ENTRAVISION:	7.43	0.24	CONVERGYS:	25.38	0.49
GRAY TELEVISION:	15.23	(0.07)	CSG SYSTEMS:	32.15	0.57
MEDIA GENERAL:	16.59	0.13	ECHOSTAR:	51.53	0.35
NEXSTAR:	56.44	0.23	GOOGLE:	536.69	10.00
SINCLAIR:	30.09	0.10	HARMONIC:	7.24	0.11
MSOS			INTEL:	31.82	0.57
CABLEVISION:	23.98	0.17	INTERACTIVE CORP:	77.54	2.41
CHARTER:	172.39	(0.61)	JDSU:	13.00	0.22
COMCAST:	58.23	0.38	LEVEL 3:	55.76	1.17
COMCAST SPCL:	57.76	0.15	MICROSOFT:	46.61	0.96
GCI:	16.27	0.12	NETFLIX:	671.10	23.95
GRAHAM HOLDING:	1070.49	1.49	NIELSEN:	45.22	0.71
LIBERTY BROADBAND:	52.40	0.16	RENTRAK:	69.43	1.07
LIBERTY GLOBAL:	56.15	1.13	SEACHANGE:	7.78	0.28
SHAW COMM:	22.12	0.32	SONY:	29.98	0.84
SHENTEL:	33.06	1.08	SPRINT NEXTEL:	4.54	0.01
SHENTEL:	33.06	1.08	TIVO:	10.72	0.20
TIME WARNER CABLE:	179.10	0.03	UNIVERSAL ELEC:	53.15	1.12
PROGRAMMING			VONAGE:	4.91	0.19
21ST CENTURY FOX:	32.96	0.15	YAHOO:	42.06	0.43
AMC NETWORKS:	78.39	0.39	TELCOS		
CBS:	59.49	(0.36)	AT&T:	34.72	0.21
CROWN:	4.27	0.10	CENTURYLINK:	32.26	0.19
DISCOVERY:	33.23	(0.21)	TDS:	30.47	0.49
DISNEY:	110.00	1.48	VERIZON:	47.47	0.13
GRUPO TELEvisa:	37.44	0.33	MARKET INDICES		
HSN:	69.20	0.98	DOW:	18000.00	236.36
LIONSGATE:	36.50	0.92	NASDAQ:	5076.69	62.82
MSG:	85.16	(0.22)	S&P 500:	2105.20	25.05
SCRIPPS INT:	66.74	(0.54)			
STARZ:	41.25	(0.06)			
TIME WARNER:	85.63	0.10			
VIACOM:	67.25	0.23			
WWE:	15.97	0.26			
TECHNOLOGY					
ADDVANTAGE:	2.35	UNCH			
AMDOCS:	56.56	0.87			
AMPHENOL:	57.39	0.70			
AOL:	50.00	UNCH			
APPLE:	128.88	1.46			
ARRIS GROUP:	32.46	(0.38)			
AVID TECH:	16.00	(0.25)			
BLNDER TONGUE:	0.79	(0.04)			
BROADCOM:	54.24	0.69			
CISCO:	28.66	0.42			

Cablefax The FAXIES & BEST SELLERS

June 19, 2015 | Awards Breakfast | 8:30 – 10:30 am | Grand Hyatt in NYC

Salute the industry's top PR, communications and sales initiatives.

Don't miss this annual *celebration*! Register your team at www.cablefax.com/awards.

Sponsorships: Rich Hauptner, rhauptner@accessintel.com, 203-899-8460.

Registration Questions: Diana Rojas drojas@accessintel.com, 301-354-1619.

Think about that for a minute...

What's the Objective?

Commentary by Steve Effros

This gets complicated. It's a mix of policy objectives, politics, personal relationships, conflicting interests and power. As Lord Acton noted, however, the one seeming constant in all this is that "...power corrupts, and absolute power corrupts absolutely."



Gigi Sohn, the former head of the Public Knowledge advocacy group and now the ubiquitous voice of FCC Chairman Tom Wheeler's office, said a very interesting thing the other day. She, correctly, noted that "...governing is very hard, and governing wisely is even harder." She was talking about what she has learned moving from "one side" of the advocacy equation to the other. As a policy advocate you can be, as she so rightly points out she often was, totally absolutist and sometimes intentionally provocative. But on the "governing" side you have to take into account all sorts of points of view, and balance them all, presumably "...in the public interest." But that's where things get sticky.

Everyone acknowledges that this FCC, and indeed this government and most of the world is focused on the promotion and development of the Internet... or more broadly, broadband. It is seen as constituting the new industrial revolution. Now whether that is a smidgen of an overstatement or not is irrelevant. That's the focus. And from the point of view of the FCC, that development has to be "open" and "transparent" and not controlled by any entity to the degree that new entrants or innovative new ways of employing the technology are impaired. That's been the entire argument surrounding "net neutrality." So, for instance, whether we like it or not (I think, from an economic and consumer perspective, it's a mistake) "paid priority" whatever that is, has been proscribed. The objective being to keep the Internet "open." But it's only

the ISPs that are banned from offering enhanced forms of service, like "priority mail."

As we are now seeing, however, companies far bigger, with far more control and impact on the Internet, like Facebook, are openly touting the fact that they are providing priority, faster delivery of certain, selected content. Facebook has agreements with—and now facilitates "news feeds" of—companies like the *New York Times*, with faster rendering on anyone's Facebook page. This is quintessentially "paid priority." It is one company reaching a commercial agreement with another company to deliver faster, better service over its platform than the same platform delivers other content. And let's be real: the Facebook or Google platform reach far more folks and have far more impact on "new, innovative" upstart competitors than any ISP. The same thing is true for Apple, Twitter or Instagram, YouTube, etc. The overwhelming dominance of these players dwarfs the impact of the delivery infrastructures. Yet so far, "governance" to protect "openness" has been restricted to the facility providers. Why?

Well, there are lots of reasons, suffice it for now to say it starts with the fact that those who perceive they have governance power over broadband/Internet recognize that at some point their jurisdiction is limited, so they use their power where they can. But is their alleged objective being met? I don't think so, not by a long shot. If they're going to be honest, and attempt to "...govern wisely," it's time they came out and said so, too. They should be the first ones to raise these other problems that clearly interfere with their claimed "neutrality" objective, not stay silent, exercise their alleged existing power and remain mute about what else would clearly be required to actually achieve it.

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)

CableJobs

The Trusted Talent Resource

Find the most reliable
and ideal candidates on
Cablefax's Job Board Today!

Select the **BOGO** product package at check-out through June 30
and receive two job postings for the price of one!

Pre-purchase job credits and use them for up to a year.

Visit www.cablefax.com/jobs to post your open jobs today!

BUY ONE GET ONE FREE

by June 30

*Does not apply to any previous job postings.