

Cablefax Daily™

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What the Industry Reads First

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At the Buzzer: Cogent, enTouch, ZGS Go to FCC on AT&T-DirecTV

With rumblings that approval of AT&T-DirecTV's combo could come as soon as next week, there's a last-minute push to have concerns addressed in govt conditions. On Mon, **Cogent's** chief legal officer paid a visit to the **FCC** to explain that while the company is pleased with the interconnection agreement it reached with AT&T in May, it doesn't eliminate Cogent's public interest concerns about the transaction. Cogent wants preventing congestion and limiting the charges AT&T can impose for interconnection as conditions. "The Cogent/AT&T agreement will benefit customers of both networks while it remains in effect. However, because AT&T broadband customers access a vast array of Internet content which does not traverse Cogent's network, this agreement on its own is not sufficient to protect the public interest," Cogent said in a filing Wed. Others also reached out to the FCC this week, including Houston-area distributor **enTouch Systems**. The provider, which competes against DirecTV and AT&T in the market, complains that their jointly owned **Root Sports Southwest** RSN is demanding discriminatory and above fair market value rates, particularly given that it was bought from Comcast out of bankruptcy. EnTouch's deal with Root expires at the end of Sept. The provider, which said it has considered filing a program access complaint but hasn't because of "flaws in the process," claims that Root can't lower rates because of an MFN from its Comcast days that allowed for "artificially high rates." It wants a non-discriminatory access provision on the deal and a condition that would ensure AT&T-DirecTV couldn't interfere with distributors entering into 3rd party programming arrangements. It has the support of **ACA**. "The way AT&T-DirecTV's ROOT Sports Southwest is treating this smaller competitor is deplorable, and the Federal Communications Commission needs to protect competition and consumers from the harms of the AT&T-DirecTV merger by adopting conditions that ACA has proposed in numerous filings," said ACA pres/CEO **Matt Polka**. On Tues, minority broadcaster **ZGS Comm** (the largest indie broadcast affil of **Telemundo**) complained to the FCC that DirecTV has denied the Hispanic community access to local stations for years. It wants the FCC to look closely at the issue and possibly take steps to further talks between ZGS and DirecTV. "The Commission should broker a mutually-acceptable settlement between DirecTV and DirecTV's successor (AT&T) and ZGS, contemplating retransmission of ZGS' (local broadcast TV) stations in every market prior to federal approval of the proposed merger," ZGS CEO **Ronald Gordon** said.

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GSN-CVC Hearing: The FCC's administrative law judge hearing on GSN's program carriage complaint against Cablevision is slated to get underway Tues. Last month, the ALJ denied Cablevision's motion for summary decision in the complaint, which GSN filed more than 4 years ago. GSN claims Cablevision discriminated against it by moving the channel to the Sports & Entertainment tier and treating channels it used to own that had a similar audience (**WE tv** and the now defunct **Wedding Central**) to broader distribution. There have only been a handful of ALJ hearings on carriage complaints, and so far, no programmers have come out victorious. The ALJ and full Commission did rule that **Comcast** discriminated against **Tennis Channel**, but the DC Circuit reversed that decision. In Jan, the FCC denied Tennis' complaint and declined to initiate further proceedings. In March, Tennis filed a petition for review of the FCC's decision in the DC Circuit.

Cable One Trading: **Cable One** (ticker - CABO) closed at \$399 during its 1st day of trading Wed following its spin from parent **Graham Holdings**. That's down more than 6% from the \$425.50 it closed at Tues (Cable One traded on a when-issued basis for 3 weeks). **JP Morgan** initiated coverage of the stock with a "neutral" rating and a year-end 2016 price target of \$476. "We expect Cable One to show attractive free cash flow growth as its revenue mix shifts from low-margin video to high-margin broadband and business services revenue," JP Morgan said in a research note. "We believe the company could eventually be of strategic interest to larger and acquisitive cable players, but we believe the stock today looks expensive at 9.6x 2016 EBITDA and a 4.1% FCF yield."

Quiet July: July came in quietly, without any major network blackouts. **CBS**, which had warned about its contract expiring with **AT&T U-verse** June 30, struck a deal with the telco that includes continued carriage of the CBS O&Os as well as **Showtime** and **CBS Sports Net**. **U-verse** will launch **Pop** next year. The industry has also kept a close eye on **Comcast-Discovery**, with negotiations continuing between the two. Discovery was the only large programmer to voice concerns over Comcast's now-scuttled **Time Warner Cable** merger. In a research note Wed, **Telsey Group's Tom Eagan** suggested Comcast may be willing to risk losing the nets even as Shark Week begins Sun. "Of course, CMCSA is prepared to pay higher y/y affiliate fees to DISCA, especially to obtain mobile rights. But, we expect CMCSA might balk at paying significantly more than a 15-20% increase," he wrote. "Should CMCSA refuse to pay an additional \$0.35 (per sub per month) and DISCA pulls their signals, we calculate that CMCSA would be financially equivalent to let upwards of 105K basic subs churn before paying the higher fees." On the other hand, Eagan estimates that losing the Comcast affil fees for just a month could lower Discovery's 3Q domestic affil fees by 13-15%.

New Video Coalition: With a goal to push regulatory support for making video networks more available to 3rd party devices, the **Consumer Video Choice Coalition** was formed Tues, counting **TiVo**, **Public Knowledge**, **COMPTEL**, **VIZIO**, **Google**, and several other video device companies and groups as members. The new coalition said it will "demonstrate to policymakers at the **FCC** and on Capitol Hill that there is broad support to promote competition and innovation by making video networks more available to third-party devices." The group expects to provide input to the FCC, including the Downloadable Security Technical Advisory Committee (DSTAC) created by the Commission following the passage of the Reauthorization of the Satellite Television Extension and Localism Act (STELAR) and future video competition proceedings. Coalition members submitted a letter to the committee in May urging the FCC to ensure that the DSTAC process enables robust competition among retail and operator-leased navigation devices used to access MVPD services.

Wave Broadband Disruption: It's been a rough couple days for **Wave Broadband**, its partner carriers and subs following a large outage caused by what the company called a "deliberate act." The disruption in the Sacramento Rocklin markets is "due to the fiber cut of several partner carrier providers," Wave said. After service restoration, as of Tues night, phone, TV and Internet services are operating normally. FBI is reportedly investigating at least 11 physical attacks on high-capacity Internet cables in the San Francisco Bay Area dating back a year. In this case, an underground vault was broken into and fiber cables belonging to **Level 3** and **Zayo**, Wave's service provider partners, were cut, according to local news reports.

CNN Style Launched: **CNN Digital** launched **CNN Style** Wed, an online platform with content on fashion, design, architecture, art, autos, luxury. Targeting mobile audiences and focused on social, the platform expects to span international and US digital editions of CNN.com, CNN Arabic and CNN en Espanol. It will be integrated into CNN Money's digital platforms.

Carriage: **Universal Sports Network** inked a multi-year distribution deal with **Suddenlink**, covering live, VOD, and comprehensive TVE rights. Suddenlink is scheduled to roll out the channel in HD as part of its new Sports Plus tier on Wed.

BUSINESS & FINANCE

Comcast Lands on 30 Rock: The 30 Rockefeller Plaza, one of NYC's iconic skyscrapers, is set to feature a new corporate name Wed night: the **Comcast** Building. The rooftop signs replace the **GE** initials and add Comcast's logo and the **NBC** Peacock logo. It's the 3rd name for the building, which was named **RCA** beginning in 1937 after the company that founded NBC. It was renamed for GE in the 80s. Comcast got GE's stake in **NBCU** in 2013.

TWC News Rochester's Milestone: The Independence Day marks 20 years as the local news net for **Time Warner Cable News Rochester**. To celebrate the milestone, the net will provide special programming featuring "Then & Now" anniversary reports, which will begin airing on Sat. The reports will showcase memorable stories and moments in the greater Rochester area since the net's '95 launch. In-depth reports on 2 decades of local area sports teams will include content on the **Rochester Americans, Red Wings, Rhinos** and **Knighthawks**.

Cable HR Symposium: CTHRA, launched the website for its 2015 HR Symposium (Nov 3 in Philly). The event will feature consultant/author **Jeanne Meister** as keynote, addressing how to prepare for dynamic changes in the future. She will also share trends related to multiple generations in the workplace, tech disruptions and virtual working. **Time Warner Cable** group vp of HR **Seth Feit** is chair of the Symposium Committee.

Cablefax Daily Stockwatch

Company	07/01 Close	1-Day Ch	Company	07/01 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	94.05	1.26	COMMSCOPE:	26.03	0.16
DISH:	68.72	1.01	CONCURRENT:	6.25	0.05
ENTRAVISION:	8.24	0.01	CONVERGYS:	25.60	0.11
GRAY TELEVISION:	15.58	(0.1)	CSG SYSTEMS:	32.14	0.48
MEDIA GENERAL:	16.47	(0.05)	ECHOSTAR:	49.29	0.61
NEXSTAR:	55.98	(0.02)	GOOGLE:	521.84	1.33
SINCLAIR:	28.32	0.41	HARMONIC:	6.84	0.01
TEGNA:	32.97	0.90	INTEL:	30.18	(0.24)
MSOS					
CABLE ONE:	399.00	(26.5)	INTERACTIVE CORP:	80.04	0.38
CABLEVISION:	24.86	0.92	JDSU:	11.49	(0.09)
CHARTER:	173.59	2.34	LEVEL 3:	53.13	0.46
COMCAST:	62.25	2.11	MICROSOFT:	44.45	0.30
COMCAST SPCL:	62.03	2.09	NETFLIX:	655.45	(1.49)
GCI:	17.14	0.13	NIELSEN:	45.12	0.35
LIBERTY BROADBAND:	51.81	0.84	RENTRAK:	70.90	1.10
LIBERTY GLOBAL:	54.47	0.40	SEACHANGE:	7.09	0.08
SHAW COMM:	21.80	0.01	SONY:	28.51	0.12
SHENTEL:	34.56	0.33	SPRINT NEXTEL:	4.52	(0.04)
SHENTEL:	34.56	0.33	TIVO:	10.15	0.01
TIME WARNER CABLE:	181.19	3.02	UNIVERSAL ELEC:	50.32	0.48
PROGRAMMING					
21ST CENTURY FOX:	32.60	0.06	VONAGE:	4.91	UNCH
AMC NETWORKS:	82.76	0.91	YAHOO:	39.33	0.04
CBS:	55.93	0.43	TELCOS		
CROWN:	4.60	0.08	AT&T:	35.57	0.05
DISCOVERY:	33.29	0.03	CENTURYLINK:	29.57	0.19
DISNEY:	115.13	1.65	TDS:	29.40	UNCH
GRUPO TELEVISIA:	38.45	(0.37)	VERIZON:	47.00	0.39
HSN:	70.41	0.22	MARKET INDICES		
LIONSGATE:	37.28	0.23	DOW:	17757.91	138.40
MSG:	83.91	0.42	NASDAQ:	5013.12	26.26
SCRIPPS INT:	67.05	1.68	S&P 500:	2077.42	14.31
STARZ:	45.18	0.46			
TIME WARNER:	88.31	0.90			
VIACOM:	64.87	UNCH			
WWE:	16.65	0.15			
TECHNOLOGY					
ADDVANTAGE:	2.33	UNCH			
AMDOCS:	55.60	1.01			
AMPHENOL:	57.45	(0.52)			
APPLE:	126.60	1.17			
ARRIS GROUP:	30.41	(0.19)			
AVID TECH:	13.47	0.13			
BLNDER TONGUE:	0.77	0.00			
BROADCOM:	51.90	0.41			
CISCO:	27.35	(0.11)			

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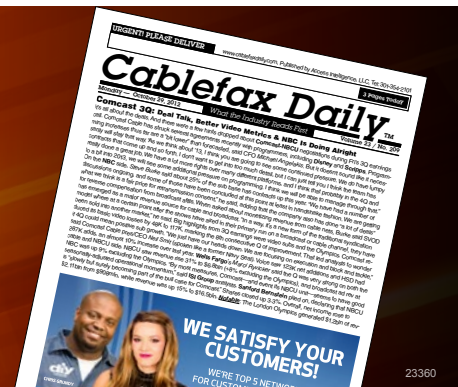
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Think about that for a minute...

Ralph

Commentary by Steve Effros

I'm going to be up in Philadelphia on Wednesday, celebrating the life of Ralph Roberts. He died last month at the age of 95. By now everyone knows, and has hopefully read the various bios and articles about the man behind the creation of Comcast. What's as important, however is to understand that Ralph was the quintessential personification of what's right and good in the cable industry.

We've become hardened in our attitudes about the cable industry because those of us who have toiled in those fields for many years have been beset by almost constant criticism of the many things that have not been done perfectly. Certainly customer service is one that comes to mind, and rates, and whenever someone didn't like a particular program or channel, and bundles and set top boxes and outages and the list, as we all know, goes on. It's not easy to be one of the leaders of an industry that's constantly both in the spotlight and being sought after, and at the same time being vilified for its failings.

Ralph Roberts knew all that. He learned it the hard way from 1963-on starting in Tupelo, MS, and throughout the long process of shepherding one of the premier, and now with the continuing guidance of his son Brian, the largest company of its kind. Of course, the bigger they are, the more noticeable and publicized any error, so growth and success are always a double edged sword in that context.

As I said, Ralph knew all that. He and his "cohorts in crime," Julian Brodsky and Dan Aaron built the foundation of what we now know as Comcast/NBCU. I would periodically be asked to join them at managers meetings in the old days and brief them on what was going on in Washington. Ralph was always right in there with



his managers, talking to them about doing better, figuring out new ways to respond to customers, and even, on some occasions, doing skits and songs for the crowd with Dan.

It was an era when we were all beginning to realize how big and significant "CATV" was going to become, and Ralph seemed to know it right from the start. At the very least, he was one of that rare breed of CEO who displayed a brilliant and comfortable "touch" with his employees and even the franchise authorities who at that time were constantly lining up with new demands for the young industry. The "three amigos" handled the whole thing with equanimity, toughness in negotiations, and always the calm demeanor of a guy with a bow tie. It was truly an honor to know and work with Ralph Roberts.

While I don't really know how much Ralph got into the daily issues surrounding Comcast since the early 2000's, when he passed the reins to Brian, I do know that he certainly kept up with what was going on, and I am told he was often consulted. His counsel was always considered highly.

I had lunch with Ralph a couple of years ago up in Philly. He was having medical challenges with his voice and our conversation barely rose above a whisper, but it really didn't matter. It was the substance of what he was asking, saying and the substance of the man himself that I will never forget. He was the solid ground upon which the cable industry was built, and we—and of course his employees, wife and family—have every reason to be proud, and to celebrate Ralph Roberts.

Steve

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

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