

# Cablefax Daily™

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What the Industry Reads First

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## Retrans Tuesday: FCC Asked to Update Retrans Rules

Not happy with the **FCC's** non-action on retrans issues, **Mediacom** petitioned the agency Tues for a retrans rule overhaul. Several pay-TV groups quickly voiced support for the request. Among the MSO's proposed changes is adopting rules preventing a local broadcast station from imposing a blackout unless its signal is available for free over-the-air or via Internet streaming to 90% of the homes in the relevant market. Since 2010, there have been more than 400 blackouts, which usually end with the MVPD accepting a rate increase, chmn/CEO *Rocco Commisso* wrote in a separate letter to FCC head *Tom Wheeler*. Case in point: **DISH** has continued its negotiations with **Dispatch Broadcast Group** since the broadcaster's stations went dark on DISH last month. Commisso noted numerous rulemaking proceedings have been opened over the years, but the agency has acted on none. "A refusal to become involved in specific disputes combined with an unwillingness to adopt corrective regulations add up to a do-nothing policy," the letter said. Mediacom's proposal calls for elimination of network exclusivity, which means requiring a cost-based justification for discriminatory retrans prices and terms, and mandated rate transparency. It also wants the FCC to start the good faith rule review immediately and commit to propose within 120 days specific rule changes. In addition, "use your 'bully pulpit' to urge both broadcasters and MVPDs to accept a moratorium on blackouts and a 10% ceiling on price increases for renewals, pending the outcome of the good faith negotiation rulemaking proceeding," the letter said. Commisso noted the FCC took a similar approach in other situations: A letter from Wheeler last year to **Time Warner Cable's** CEO urged resolution to the ongoing carriage dispute in LA that has prevented many consumers from watching televised **Dodgers** games. Other FCC commissioners as well as Judiciary and Commerce committees from both chambers were CC'd on Commisso's letter. When it comes to the FCC's legal authority to change retrans rules, the primary source is Section 303 of the Communications Act, which allows the agency, "as the public interest, convenience, and necessity requires," to "make such rules and regulations and prescribe such restrictions and conditions, not inconsistent with law, as may be necessary to carry out the provisions of [the] Act," according to Mediacom. While **NCTA** was mum, **ACA** applauded the petition. "The record is clear: The FCC needs to update its rules governing retransmission consent to ensure consumers are protected from ever-increasing retransmission consent fees and ongoing TV station signal blackouts," pres/CEO *Matt Polka* said in a statement. Coincidentally, **SNL**



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**Kagan** updated its retrans fee projections Tues, expecting retrans costs to reach \$10.3bln by 2021 versus the estimated \$6.3bln this year. The company noted TV station owners have continued to secure higher retrans fees in recent negotiations. The average \$1.53 retrans fee that SNL Kagan expects the industry will receive across all broadcast nets by 2018 puts TV stations above all but five basic cable networks in terms of affil fees per sub per month, with **ESPN** (\$8.80), **TNT** (\$2.16), **Fox News** (\$1.67), **Fox Sports 1** (\$1.57), and **Disney Channel** (\$1.56) all still above that average mark. And most RSNs are expected to be “significantly” above the average mark. Broadcaster-backed **TVFreedom.org** put forward its own very different numbers, arguing that in 2014 cable led the entire media and entertainment industry with 41% profit margin, while the satellite TV industry was a close second with an annual profit margin of 26%.

**Remembering Glenn Jones:** The industry was saddened and surprised to learn of the passing of pioneer *Glenn Jones* Tues morning. Many had just seen Jones, 85, last week at the memorial service for another cable giant, *Ralph Roberts* of **Comcast**. Jones looked “dapper and healthy,” one friend said, describing the news of his death as “stunning.” “Glenn was a man before his time. He transformed the communications, information, entertainment and educational landscape by bringing cable television to millions of Americans. He freed higher education from the brick walls of traditional universities by bringing learning to people in their own homes, first via cable and later through the Internet and mobile devices,” said **Jones/NCTI** CEO *Stacey Slaughter*. Slaughter reflected that Jones never really retired. “The businesses he created were his life’s passions.” He formed more than a few businesses, including **Jones Intercable**, a top 10 cable operator that was eventually acquired by **Comcast**. “Glenn was a true entrepreneur and pioneer,” said Comcast chmn/CEO *Brian Roberts*. “His creativity and passion to help people learn and advance through technology was ahead of many others. Our industry has lost a special man, and he will be missed.” The genesis of Jones’ cable operations was a system he purchased in Georgetown, CO, in 1967 by borrowing \$400 against his Volkswagen. That Volkswagen served as his home at times, with *Dick Green*, former **CableLabs** CEO and Jones/NCTI board member, recounting how Jones began his career as a traveling lawyer, going from community to community doing legal work. “Glenn deserves a lot of credit for helping to build the cable industry. He developed a partnership way of financing a company, which proved to be very important to the cable industry,” Green said. Jones organized public limited partnerships to raise more than \$1.2bln in equity capital for cable acquisitions. His companies were often on the forefront of technology. The Jones system in Alexandria, VA, was the site of the first experimental HD transmission, which came from the nearby PBS HQ. In 1987, he founded what became known as **Knowledge TV**, which delivered college courses via cable. Before being sold to **Discovery**, it had approx 50mln subs worldwide. In the mid-2000s, Jones acquired **NCTI**, a provider of cable industry training and certifications, to form **Jones/NCTI**. His many other professional ventures included the founding of **Jones International University**, the 1st online university to receive accreditation from the Higher Learning Commission, and the creation of **Great American Country** (sold to **Scripps** in 2004). Education was a passion for Jones, who was recently presented with the Library of Congress’ Living Legend Award for his advancement of education and assistance in expanding access to the Library of Congress. “He really was socially inclined. He wanted everyone to access an education,” said Green. **Cox** pres *Pat Esser* noted that Jones “paved the way for online learning, connecting people to new opportunities and information.” **NCTA** chief *Michael Powell* remembered Jones, a former NCTA board member, as a great innovator, entrepreneur and leader. “He was both predecessor and precursor to today’s high-tech entrepreneurs, investing virtually all his energy and resources in consumer-focused cable distribution, content, and technology ventures for more than five decades,” Powell said. “Glenn helped build the foundation for today’s forward-looking cable and telecommunications industry, and he did it with the soul of a poet and the mindset of a journeyman. His insight, enthusiasm, and spirit will be greatly missed.” **ACA** pres/CEO *Matt Polka* credited Jones with inspiring many to pursue careers in cable. “Cable continues to innovate and invest in new technology because people like Mr. Jones showed long ago that cable operators had an obligation to exceed their customers’ high expectations and their own,” he said. Information about services will be forthcoming.

**GSN-Cablevision Hearing Underway:** The **FCC**’s ALJ hearing kicked off Tues in DC with opening arguments in **GSN**’s 2011 program carriage complaint against **Cablevision**. GSN CEO *David Goldhill* took the stand Tues afternoon, with the hearing slated to resume Wed morning. GSN claims Cablevision discriminated against it by moving it to a sports and entertainment tier while keeping the **Rainbow Media** nets it used to own (now **AMC Nets**) in more widely distributed packages.

**More WiFi:** **Comcast** announced it has launched more than 1800 WiFi hotspots throughout its Keystone region and plans



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to add another 1500 outdoor locations by year-end. The region includes western, central and northeastern PA, eastern OH, northern W VA and the MD panhandle. Comcast has more than 8.5mln hotspots nationwide.

**WICT:** WICT named **TV One** evp of content distribution *Michelle Rice* to its exec committee. She will chair the group's governance subcmte. Rice has been an at large WICT board member since 2012 and is chair of **NAMIC**.

**It's Showtime:** Showtime's stand-alone streaming service went live on Apple TV, iPhone, iPod touch and the Roku platform Tues. The \$10.99 a month service is also available via **Sony** PlayStation Vue's cloud-based TV service. The net also inked a deal with **Hulu**, making the service available through the SVOD player for \$8.99 a month, in addition to the \$7.99 a month Hulu subscription. Current Hulu subs can get a 1-month free trial of Showtime, with new Hulu subs getting up to a 1-month free trial of Showtime and a 1-month free trial of Hulu.

**People:** Fox Sports hired *Mark Pesavento*, former **USA Today** and **Yahoo! Sports** exec, as the svp of content for **Fox Sports Digital**. Pesavento will report to *Pete Vlastelica*, digital evp, **Fox Sports**. -- **The Chernin Group** tapped *Mike Kerns*, most recently a senior exec at Yahoo, as pres of digital. Chernin formed an online video joint venture with **AT&T** last year dubbed **Otter Media** to focus on OTT video services.

## Cablefax Daily Stockwatch

Company	07/07 Close	1-Day Ch	Company	07/07 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	94.28	0.25	COMMScope:	25.75	(0.11)
DISH:	68.24	0.12	CONCURRENT:	6.04	(0.08)
ENTRAVISION:	8.01	(0.05)	CONVERGYS:	25.27	(0.17)
GRAY TELEVISION:	15.61	(0.22)	CSG SYSTEMS:	31.30	(0.32)
MEDIA GENERAL:	16.26	0.01	ECHOSTAR:	48.02	(0.15)
NEXSTAR:	53.66	(1.46)	GOOGLE:	525.02	2.16
SINCLAIR:	28.31	(0.17)	HARMONIC:	6.65	0.04
TEGNA:	31.52	0.91	INTEL:	29.90	(0.14)
<b>MSOS</b>			INTERACTIVE CORP:	79.64	(0.14)
CABLE ONE:	393.81	(1.94)	JDSU:	11.38	0.12
CABLEVISION:	24.85	0.24	LEVEL 3:	52.20	0.46
CHARTER:	174.92	0.85	MICROSOFT:	44.30	(0.09)
COMCAST:	62.51	0.40	NETFLIX:	658.64	(3.36)
COMCAST SPCL:	62.30	0.40	NIELSEN:	44.96	0.16
GCI:	17.40	0.09	RENTRAK:	68.66	(0.9)
LIBERTY BROADBAND:	51.66	(0.16)	SEACHANGE:	7.10	0.04
LIBERTY GLOBAL:	49.78	(0.72)	SONY:	28.17	0.13
SHAW COMM:	21.47	(0.22)	SPRINT NEXTEL:	4.30	(0.07)
SHENTEL:	35.44	0.47	TIVO:	10.21	0.14
SHENTEL:	35.44	0.47	UNIVERSAL ELEC:	49.25	(0.6)
TIME WARNER CABLE:	183.06	1.31	VONAGE:	4.70	(0.04)
<b>PROGRAMMING</b>			YAHOO:	38.23	(0.38)
21ST CENTURY FOX:	32.68	0.11	<b>TELCOS</b>		
AMC NETWORKS:	83.66	0.09	AT&T:	35.77	0.16
CBS:	55.58	0.69	CENTURYLINK:	29.88	0.43
CROWN:	4.64	0.04	TDS:	28.83	(0.29)
DISCOVERY:	33.80	0.71	VERIZON:	47.25	0.21
DISNEY:	117.10	1.40	<b>MARKET INDICES</b>		
GRUPO TELEvisa:	36.54	(1.78)	DOW:	17776.91	93.33
HSN:	70.66	0.11	NASDAQ:	4997.46	5.52
LIONSGATE:	36.58	(0.27)	S&P 500:	2081.34	12.58
MSG:	83.17	(0.13)			
SCRIPPS INT:	67.20	0.42			
STARZ:	44.00	0.24			
TIME WARNER:	87.37	(0.01)			
VIACOM:	63.29	(0.2)			
WWE:	15.57	(0.74)			
<b>TECHNOLOGY</b>					
ADDVANTAGE:	2.29	(0.01)			
AMDOCS:	54.44	(0.61)			
AMPHENOL:	55.89	(0.13)			
APPLE:	125.69	(0.31)			
ARRIS GROUP:	30.57	0.01			
AVID TECH:	13.26	(0.42)			
BLNDER TONGUE:	0.75	(0.02)			
BROADCOM:	51.43	(0.16)			
CISCO:	27.36	0.14			

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