

# Cablefax Daily™

Monday — July 13, 2015

What the Industry Reads First

Volume 26 / No. 132

## Wheeler's Proposal: Consumer Protection as Tech Transitions

FCC chmn *Tom Wheeler* has circulated 2 proposals aimed at protecting consumers and promoting competition as networks transition to all IP. The proposals are set to be voted on during the Aug 6 Commission Open Meeting. First up, an update to emergency calling rules, requiring cable voice service providers to offer consumers the option to buy back-up power so they can use their home phones during power outages. Traditionally, copper-based landline home phone service works during power outages because the service provides its own power, but IP-based voice services usually need back-up power to keep operating during outages. Cable providers would be required to ensure that a technical solution for 8 hours of standby back-up power is available. And within 3 years, they would also be required to offer an option for 24 hours of standby back-up power. The decision to purchase back-up power will be up to consumers, who will pay for the batteries, according to a senior FCC official. The batteries cost from \$40 to around \$100 and the FCC will closely watch the price of back-up batteries, the official said. Voice providers also will be required to inform subs about service limitations during power outages and information regarding how to keep services operational during a multi-day power outage. A separate proposal requires providers to inform consumers regarding plans to retire legacy networks 6 months in advance for non-residential subs and 3 months in advance for residential subs. The Communications Act requires that carriers receive FCC approval before they discontinue or reduce a service. However, the agency has never codified the criteria used to assess replacement and legacy services. To evaluate whether new services will meet consumer needs, Wheeler plans to seek comment on criteria including support for 911 services and call centers, network capacity and reliability, quality of both voice and Internet access, interoperability with devices and services, access for people with disabilities, network security in any IP-supported network, and coverage throughout the service area. Meanwhile, to preserve competition in the enterprise communications market, Wheeler's draft rules will require replacement services be offered to competitive providers at rates, terms, and conditions that are reasonably comparable to those of the legacy services. This would be an interim measure, pending the completion of the agency's special access proceeding that examines these issues more broadly. **Comcast**, which offers Xfinity Voice service, told the FCC in a June 4 meeting that new Xfinity Voice subs have the option of purchasing a back-up battery for their Comcast voice modem for \$35 plus \$5.95 for shipping and handling. During 2014, fewer than

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1% of new Xfinity Voice subs purchased a backup battery, the MSO said. Comcast already offers its subs a welcome kit at installation that explains service limitations during power outages and information about how to obtain a battery, it said. **NCTA**, in a separate FCC filing, also pointed out that “an exceedingly small” percentage of cable voice customers purchase batteries for their CPE when offered and that there’s no demonstrable increase in demand for batteries following extended outages. That suggests customers rely on alternative means of communications such as mobile devices if home voice service isn’t working, NCTA said. Any mandate to provide batteries to VoIP customers will be “tremendously wasteful,” it said.

**Arris Warns:** Arris shares dropped 1.8% Fri after the vendor revised 2Q guidance for revenue to \$1.25mln-\$1.26mln from its previous guidance of \$1.27mln-\$1.31mln. It also lowered adjusted net income per diluted share to 51-55 cents from 53-58 cents. “The headwinds we faced in the second quarter were stronger than anticipated resulting in the update to our second quarter 2015 revenue and earnings guidance,” said Arris chmn/CEO *Bob Stanzione*. “Our business continues to be impacted by external factors, most notably the various pending industry consolidations and by the strengthening of the US dollar. At this point, we anticipate that these factors will continue to impact us in the second half of 2015.” Arris expects its pending **Pace** acquisition to help counter some of the industry conditions and provide a more diversified customer base. It continues to expect the deal to close in 4Q. Arris presents 2Q earnings on July 29.

**What About Pole Attachment Rates?:** Cable has worried for months about the **FCC**’s Title II order’s effect on pole attachment rates. The **NCTA** told the FCC this month that operators increasingly face demands from utilities for significantly higher pole attachment rates following the reclassification of broadband to a telecom service. Arguing that the proposed rate hikes contradict the FCC’s Open Internet order, NCTA urged the agency to stand by its word to “take further action” if warranted. Last month, NCTA urged the FCC to grant the reconsideration petition it filed 4 years ago to the 2011 Pole Attachment Order. While that order is intended to equalize the cable and telecom rate for attachments (something especially important given the reclassification), NCTA, **Comptel** and **TW Telecom** argued that there’s some discrepancy regarding the rates with attaching parties that can result in the telecom rate being as much as 70% higher than the cable rate.

**Comic-Con SVOD:** Lionsgate and **Comic-Con International** will launch a Comic-Con SVOD service early next year. They used the fan convention in San Diego to announce original, unscripted series “Her Universe,” which delves into the popular fangirl fashion company. Comic-Con has grown from 300 attendees in 1970 to more than 130K today.

**Quotable:** “We’ll buy a second, a third and one day we’ll be able to say: ‘Hello, Mr **Comcast!**’ or ‘Hello, Mr **Charter!**’ – **Alice**’s *Patrick Drahi* in the *WSJ* on plans to expand his US cable footprint beyond **Suddenlink**. **Cablevision**, mentioned as being on Drahi’s radar, closed up more than 7% Fri. Cox, while also mentioned, repeated that it’s not for sale. “Of course, we’ll continue to explore any potential growth opportunities that align with our business objectives,” a spokesperson said.

**Suddenlink Sports Tier:** **Suddenlink** created a new Sports Plus tier for the majority of its systems, effective July 1. Joining the tier are several sports nets including, **One World Sports**, **Outside TV**, **NFL RedZone**, **Fantasy Sports Network**, **Fight Network**, **MavTV**, **Universal Sports** and **World Fishing**.

**Zombie Alert:** **AMC** used **Comic-Con** to announce that Oct 11 will be the premiere date for Season 6 of hit series “The Walking Dead.” The premiere will be an extended 90-min episode. As in past years, the season will be split across 2 seasons, with the final 8 eps of the season debuting in Feb 2016. And yes, “Talking Dead” will be back. Internationally, “The Walking Dead” will return to audiences in 125+ **FOX International Channels** (FIC) markets within 24 hours of the US premiere. Companion series “Fear the Walking Dead” will debut worldwide Aug 23 at 9pm.

**Hearing Postponed:** The **House Communications** subcmte postponed its Tues hearing n “Promoting Broadband Infrastructure Investment.” The hearing aims to explore trends in broadband infrastructure buildout and look at ways to improve investment environment for broadband. The panel is set to hear from **FCC** chmn *Tom Wheeler* and Republican commish *Ajit Pai* during its July 28 hearing on FCC oversight.

**Ratings:** Imagine what it would look like if you added **DirectTV** to the mix... There have been 27 **Dodgers** game on **SportsNet L.A.** since **Charter** started carrying it on June 9, and in that time, the RSN’s HH ratings have increased 82% from 0.63 to 1.14. Total viewers have risen similarly from more than 45.5K to 82.5K+. The net had its highest-rated telecast June 23 when the **Dodgers** took on the **Cubs** (1.57 HH rating, besting last year’s 1.5 for a game against the **Giants**).

**Cablefax Week in Review**

Company	Ticker	7/10 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
DIRECTV:	DTV	92.40	(2.01%)	6.57%
DISH:	DISH	68.81	0.15%	(5.6%)
ENTRAVISION:	EVC	8.24	1.35%	27.16%
GRAY TELEVISION:	GTN	15.76	(0.32%)	40.71%
MEDIA GENERAL:	MEG	16.34	(0.43%)	(2.33%)
NEXSTAR:	NXST	53.30	(4.14%)	2.92%
SINCLAIR:	SBGI	28.82	0.77%	5.34%
TEGNA:	TGNA	31.37	(1.2%)	0.00%

Company	Ticker	7/10 Close	1-Week % Chg	YTD %Chg
<b>MSOS</b>				
CABLE ONE:	CABO	383.80	(3.98%)	0.00%
CABLEVISION:	CVC	26.67	6.59%	29.22%
CHARTER:	CHTR	177.39	3.25%	6.46%
COMCAST:	CMCSA	63.19	1.36%	8.93%
COMCAST SPCL:	CMCSK	62.95	1.48%	9.35%
GCI:	GNCMA	17.83	3.00%	29.67%
LIBERTY BROADBAND:	LBRDA	52.15	0.83%	4.11%
LIBERTY GLOBAL:	LBTYA	50.86	0.32%	1.29%
SHAW COMM:	SJR	21.37	(2.33%)	(20.82%)
SHENTEL:	SHEN	34.22	(1.1%)	9.50%
SHENTEL:	SHEN	34.22	(1.1%)	9.50%
TIME WARNER CABLE:	TWC	183.50	1.45%	20.68%

Company	Ticker	7/10 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
21ST CENTURY FOX:	FOXA	33.11	2.30%	(13.81%)
AMC NETWORKS:	AMCX	83.94	0.94%	31.63%
CBS:	CBS	54.85	(1.21%)	(0.89%)
CROWN:	CRWN	4.53	0.22%	27.97%
DISCOVERY:	DISCA	33.38	0.60%	(3.11%)
DISNEY:	DIS	116.44	1.28%	23.62%
GRUPO TELEVISIA:	TV	35.55	(9.06%)	4.37%
HSN:	HSNI	71.94	2.49%	(5.34%)
LIONSGATE:	LGF	36.71	(2.57%)	14.65%
MSG:	MSG	82.87	(0.81%)	10.11%
SCRIPPS INT:	SNI	65.84	(1.86%)	(12.53%)
STARZ:	STRZA	44.09	(0.85%)	48.45%
TIME WARNER:	TWX	88.63	0.16%	3.76%
VIACOM:	VIA	62.22	(3.49%)	(17.59%)
WWE:	WWE	16.46	(0.42%)	33.39%

Company	Ticker	7/10 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
ADVANTAGE:	AEY	2.24	(7.05%)	(8.2%)
AMDOCS:	DOX	56.04	1.16%	20.10%
AMPHENOL:	APH	54.51	(4.35%)	1.30%
APPLE:	AAPL	123.28	(2.5%)	11.69%
ARRIS GROUP:	ARRS	30.85	0.13%	2.19%
AVID TECH:	AVID	13.38	1.13%	(5.84%)
BLNDER TONGUE:	BDR	0.78	5.41%	(71%)
BROADCOM:	BRCM	52.06	(0.42%)	20.15%
CISCO:	CSCO	27.28	(0.18%)	(1.94%)
COMMSCOPE:	CTV	25.73	(1.04%)	0.35%
CONCURRENT:	CCUR	6.16	(3.9%)	(13.12%)
CONVERGYS:	CVG	25.36	(1.05%)	24.50%
CSG SYSTEMS:	CSGS	31.66	(0.41%)	26.29%
ECHOSTAR:	SATS	47.13	(1.53%)	(10.23%)
GOOGLE:	GOOG	530.13	1.29%	0.71%
HARMONIC:	HLIT	6.82	(4.48%)	(2.71%)

Company	Ticker	7/10 Close	1-Week % Chg	YTD %Chg
INTEL:	INTC	29.17	(4.55%)	(19.62%)
INTERACTIVE CORP:	IACI	80.60	(0.4%)	32.59%
JDSU:	JDSU	11.09	(13.49%)	(19.17%)
LEVEL 3:	LVL	51.92	(0.97%)	5.14%
MICROSOFT:	MSFT	44.61	0.47%	(3.96%)
NETFLIX:	NFLX	680.60	3.39%	99.23%
NIELSEN:	NLSN	45.27	(2.06%)	1.21%
RENTRAK:	RENT	67.72	(4.3%)	(7%)
SEACHANGE:	SEAC	7.09	(0.7%)	11.13%
SONY:	SNE	28.40	0.04%	38.74%
SPRINT NEXTEL:	S	3.78	(18.36%)	(8.92%)
TIVO:	TIVO	10.30	0.88%	(13.01%)
UNIVERSAL ELEC:	UEIC	50.00	0.20%	(23.11%)
VONAGE:	VG	4.92	2.07%	29.13%
YAHOO:	YHOO	37.92	(3.71%)	(24.93%)

Company	Ticker	7/10 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	34.65	(3.02%)	3.16%
CENTURYLINK:	CTL	29.76	0.51%	(24.81%)
TDS:	TDS	28.83	(2.04%)	14.18%
VERIZON:	VZ	47.00	(0.42%)	0.47%

Company	Ticker	7/10 Close	1-Week % Chg	YTD %Chg
<b>MARKET INDICES</b>				
DOW:	DJI	17760.41	0.17%	(0.35%)
NASDAQ:	IXIC	4997.70	(0.23%)	5.52%
S&P 500:	GSPC	2076.62	(0.01%)	0.86%

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. CABLEVISION:	26.67	6.59%
2. BLNDER TONGUE:	0.78	5.41%
3. NETFLIX:	680.60	3.39%
4. CHARTER:	177.39	3.25%
5. GCI:	17.83	3.00%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. SPRINT NEXTEL:	3.78	(18.36%)
2. JDSU:	11.09	(13.49%)
3. GRUPO TELEVISIA:	35.55	(9.06%)
4. ADVANTAGE:	2.24	(7.05%)
5. INTEL:	29.17	(4.55%)

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