

# Cablefax Daily™

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What the Industry Reads First

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## GSN-Cablevision: 2700-Page Transcript Details Who Said What

GSN's program carriage complaint against **Cablevision** finally got a trial, more than 3 years after it was filed at the **FCC**. The Commission released a transcript from last month's proceedings on Fri. It's more than 2700 pages long, with the hearing spanning several days in July. Depositions were taken from big names, including Cablevision CEO *Jim Dolan* and now Charter COO *John Bickham*, while GSN pres/CEO *David Goldhill* and Cablevision programming head *Tom Montemagno* testified in person at the hearing. In opening arguments, GSN lawyers told FCC administrative law judge *Richard Sippel* that it was like a "lightning bolt out of the blue" when the MSO said it would move GSN to a \$6.95/month tier as of Feb 1, 2011. "Game Show Network is not a sports network, and we will see that in documents," attorney *Paul Schmidt* said, accusing Cablevision of "sleight of hand" by renaming the sports tier to a sports & entertainment tier after the move. The crux of the complaint is that **WE tv** and the now-folded **Wedding Central** enjoy broad carriage (both nets used to be owned by CVC subsidiary **Rainbow**) and are competitors to GSN, attracting a similar female audience. GSN also alleged that Cablevision said if the network's part owner, **DirecTV**, gave broad carriage to Wedding Central, the MSO would return GSN to a broader tier. In rebuttal, Cablevision's attorneys said there is no evidence that Cablevision cooked up such a plan. Instead, the MSO claims the idea of a trade for carriage of Wedding Central on DirecTV actually originated from the GSN side, citing deposition testimony from former distribution head *Dennis Gillespie*. Cablevision's attorney *Jay Cohen* argued that GSN and WE aren't competitors, with GSN distinguishing itself in 2009 as a game show network, not a women's net. He pooh-poohed the argument that GSN is not a sports net thus not deserving of a sports tier, saying Cablevision wanted to move the channel to a tier so that its fans could still get it instead of dropping it all together or keeping it where it was, which CVC didn't want to do, citing limited popularity from box polling data. "GSN touts the fact that it has loyal viewers, and we don't dispute that. It has a small number of loyal viewers. It made them a perfect target to put on a different tier. They're not going to attract a large number of the three million Cablevision subscribers," Cohen said, arguing that it was a rational business decision because "thousands" of subscribers took the sports & entertainment tier after GSN was retiered. One of the reasons the case took so long to go to trial is because both companies were waiting for the outcome and appeals of **Tennis Channel's** carriage

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complaint against **Comcast**. In 2013, a federal court overturned the FCC's decision that the MSO had discriminated. GSN's attorney said the DC Circuit's decision on Comcast-Tennis featured 3 ways a company can show an act was motivated by discrimination on the basis of affiliation and not for some legitimate business reason, and that GSN can meet all 3: 1. Pretext – GSN argues pretext is there because customers complained (27+ according to testimony) and CVC stuck to its business decision. 2. Incremental loss – GSN said Cablevision is losing more money with what they pay WE tv for broad carriage than what they said they are saving by tiering GSN. 3. Net benefit test – GSN presented economic and factual evidence that it believes shows that Cablevision would have benefited by keeping the net on the broader package. It will be up to ALJ Sippel to decide if that's the case. Sippel also heard the Comcast-Tennis complaint as well as **Wealth TV's** complaint against **Comcast, Cox, Bright House** and **Time Warner Cable**.

**Remembering Katrina:** Cox New Orleans employees marked the 10-year anniversary of Hurricane Katrina on Sat by taking part in a citywide day of service. In partnership with **A&E, FYI** and the **Make It Right Foundation**, Cox participated in an organized volunteer project in the Lower 9th Ward of New Orleans. The Cox Employee Relief Fund was established in the hours after Katrina's devastation, providing grants for employees who lost homes or had severe repairs to make. The Fund continues to this day, now surpassing \$4mln in employee grants. More than 1700 employees have received direct financial assistance from the fund since its inception. It has aided employees with funeral expenses, unexpected medical bills and rebuilding after natural disasters. "I've been with Cox for 25 years now, and the thing I'll always remember is the way this company stepped up after Katrina," said **Steve Sawyer**, director, PR/Govt Affairs New Orleans. "We had employees who lost homes, vehicles, yet they were coming back to work for construction work we needed to have done." He remembers that time very well—everything from Katrina hitting on a weekend to the daily powwows after the storm. Cox's generosity extended beyond its employees and also to the community. In addition to rebuilding efforts, Cox was 1 of the first companies to step up and tell the entire 4-parish area that service would be free for the month of Sept. "I still to this day have more people that talk to me about that," Sawyer told us.

**WIT Award Honoree:** Congrats to **Itaas** CEO **Vibha Rustagi**, who **WICT, SCTE** and **Cablefax** named as the 2015 Women in Technology Award winner. The award, sponsored by **Bright House**, will be presented by last year's winner, **Comcast's** svp of National Video Deployment Engineering **Sherita Ceasar**, during the SCTE **Cable-Tec Expo** Oct 13-16. Vibha will also be featured in the upcoming **Cablefax: Most Powerful Women in Cable** issue. Rustagi was one of 3 founders of itaas, which was acquired by IT and consulting company **Cognizant** in 2014. She's been involved in the cable tech industry for more than 2 decades, having begun her career at **S-A**.

**Vubiquity Buys Juice:** To boost its network of content providers, **Vubiquity** will acquire **Juice Worldwide**, which provides encoding and certification services for multiplatform content. Vubiquity, which offers managed services including digital and OTT distribution to major media providers, is counting on the deal to expand its content services and global distribution capabilities. The company claimed the deal allows it to be the only content service provider to have its fingers in every facet of the business, from licensing to distributing through every media platform, including cable, satellite, telco, wireless and OTT streaming. "Leveraging Juice's leading OTT and digital suite of services and its established presence in key international territories creates terrific value for our network of hundreds of content and service providers," Vubiquity CEO **Darcy Antonellis** said. The transaction followed the company's acquisition of UK VOD firm **FilmFlex Movies** last year.

**Hulu/Epix Deal:** **EPIX** closed the **Netflix** door and opened up another with **Hulu**. The net inked a multi-year deal with the SVOD provider after it ended its multi-year relationship with Netflix. The deal will bring films from **Lionsgate, MGM** and **Paramount** to Hulu starting Oct 1. Recent movies from EPIX including "Hunger Games: Mockingjay Part 1," "Mission Impossible Rogue Nation," "Interstellar" and "Selma," will be available on Hulu in the next few months. Hulu will roll out new titles, library films and original programming from EPIX through each year of the deal. New theatrical releases and original programming will be available during its digital streaming window, which starts 90 days after the start of the traditional pay TV window. The agreement is a major expansion of Hulu's film offering. Over the past year, Hulu inked deals with **AMC Nets** that allows it to become the streaming platform to films from the **IFC Films** collection. It also became the 1st streaming service to offer a premium add-on through its platform with its distribution deal with **Showtime**. Netflix reportedly paid EPIX \$1bln in licensing fees for their pact in 2010.

**DISH Sued by Broadcaster:** Minority-owned **Bayou City Broadcasting**, owner of **WEVV** (Evansville, ID), is suing

# BUSINESS & FINANCE

DISH for failure to pay the agreed-upon rates for retrans. The lawsuit, filed with the US District Court for the District of CO, noted Bayou City purchased WEVV from **Nexstar** on Jan 1 and, as part of the deal, assumed the station's retrans contracts with DISH. Bayou contends that DISH, which it reached a new retrans agreement with in Feb, made payments that were "far less" than they should have been. The broadcaster said DISH has refused to pay the full retrans fees due, which are now past due and subject to the payment of interest. "We dispute these claims, and intend to vigorously defend ourselves and expect to be vindicated on the merits," DISH said.

**AT&T Expands GigaPower:** AT&T is expanding its GigaPower Internet service to residential and small businesses in Atlanta suburbs, including Brookhaven, Dunwoody, Milton and Woodstock. The telco already rolled out the service, which offers speeds up to 1 Gbps, in parts of Atlanta. AT&T has launched the service in 15 markets and plans to expand it to parts of the Jacksonville, St. Louis and San Antonio markets.

**People:** Comcast upped Myrna Soto to svp, global chief information security officer, making her responsible for the alignment and development of cyber and data security strategies and policies across the entire Comcast enterprise.

## Cablefax Daily Stockwatch

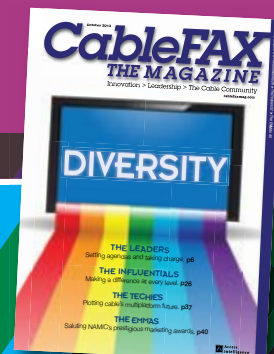
Company	08/31 Close	1-Day Ch	Company	08/31 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DISH:	59.27	(0.35)	CONVERGYS:	22.60	(0.22)
ENTRAVISION:	8.05	0.48	CSG SYSTEMS:	30.91	(0.23)
GRAY TELEVISION:	11.59	0.23	ECHOSTAR:	44.60	0.01
MEDIA GENERAL:	11.75	(0.09)	GOOGLE:	618.25	(12.13)
NEXSTAR:	46.48	(0.11)	HARMONIC:	5.77	(0.02)
SINCLAIR:	26.78	0.34	INTEL:	28.54	0.12
TEGNA:	23.79	(0.37)	INTERACTIVE CORP:	69.80	(1.64)
<b>MSOS</b>					
CABLE ONE:	415.34	(2.84)	LEVEL 3:	44.73	(0.64)
CABLEVISION:	25.17	(0.04)	MICROSOFT:	43.52	(0.41)
CHARTER:	181.61	0.02	NETFLIX:	115.02	(2.61)
COMCAST:	56.33	(0.45)	NIELSEN:	45.23	(0.03)
COMCAST SPCL:	57.24	(0.38)	RENTRAK:	45.64	(1.19)
GCI:	16.85	(0.14)	SEACHANGE:	6.04	0.14
LIBERTY BROADBAND:	54.40	(0.25)	SEACHANGE:	6.04	0.14
LIBERTY GLOBAL:	48.12	(1.2)	SONY:	25.78	(0.09)
SHAW COMM:	20.11	0.03	SPRINT NEXTEL:	5.06	(0.13)
SHENTEL:	38.69	(0.77)	TIVO:	9.10	(0.05)
TIME WARNER CABLE:	186.02	(1.41)	UNIVERSAL ELEC:	45.59	0.04
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	27.39	(0.53)	VONAGE:	5.55	(0.06)
AMC NETWORKS:	72.38	(1.22)	YAHOO:	32.24	(0.9)
CBS:	45.24	(0.55)	<b>TELCOS</b>		
CROWN:	5.35	0.88	AT&T:	33.20	(0.09)
DISCOVERY:	26.60	(0.51)	CENTURYLINK:	27.04	UNCH
DISNEY:	101.88	(0.6)	FRONTIER COMMUNICATIONS:	5.07	(0.01)
GRUPO TELEVISIA:	30.56	0.30	TDS:	28.44	(0.09)
HSN:	60.81	(1.57)	VERIZON:	46.01	(0.06)
LIONSGATE:	36.69	(0.54)	<b>MARKET INDICES</b>		
MSG:	70.44	(0.59)	DOW:	16528.03	(114.98)
SCRIPPS INT:	53.09	(0.09)	NASDAQ:	4776.51	(51.82)
STARZ:	37.61	(0.12)	S&P 500:	1972.18	(16.69)
TIME WARNER:	71.10	(1.28)			
VIACOM:	43.29	(0.22)			
WWE:	20.06	0.57			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.36	0.06			
AMDOCS:	57.21	(0.46)			
AMPHENOL:	52.36	(0.52)			
APPLE:	112.76	(0.53)			
ARRIS GROUP:	26.42	(0.4)			
AVID TECH:	8.31	(0.2)			
BLNDER TONGUE:	0.61	0.00			
BROADCOM:	51.67	(0.12)			
CISCO:	25.88	(0.12)			
COMMSCOPE:	25.87	UNCH			
CONCURRENT:	5.43	(0.03)			

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## CFX TECH by Joyce Wang

### OTT Video's Future

IBC 2015 kicks off in Amsterdam Sept 10-14, and undoubtedly OTT video will dominate the international conference. Keynoters include **AMC/Sundance Channel Global** pres *Bruce Tuchman*, **Discovery Networks International** pres *JB Perrette* and **SlingTV** CEO *Roger Lynch*. At IBC, “we will hear about sophisticated tools for recommending content, bundling, hyper-personalization and curated content, all as means to better differentiate providers in a crowded market,” predicted *Sef Tuma*, chief strategy officer for **Accenture's** Media and Entertainment practice. Most of the tools are backed by big data analytics to better segment and target audiences along the “finer characteristics of their background, location, preferred devices, or viewing habits,” he said. Audiences have become much more sophisticated in their tastes with variable viewing habits that are harder for media and entertainment companies and advertisers to pin down, he said, noting companies are applying data analytics across the entire content lifecycle. Looking ahead, data available to media companies for personalization at scale will be enriched by new devices and sensors, capturing information as specific as eye movements and consumer mood (with the consumer's permission). Accenture research indicates a strong market demand for a premium streaming experience as operators look to add “broadcast quality” to long-play, online videos. Top factors that encourage viewers to watch long-form video content over the Internet include availability of the most recent content, less advertising interruptions and better video quality. The primary complaint among more than half (51%) of global respondents watching online video was poor Internet service. They complained about buffering, or the time it takes for video to start playing, (33%), and loss of sound or distortions during play (32%). At the same time, respondents said they would pay for online video service if it included greater content variety, less advertising, and better video quality. “In the end, it's about broadcast quality and availability with broadband flexibility,” Tuma said. For media and entertainment companies, this means “a smoother 4K

streaming experience, richer diversity of established and original content and smarter advertising, all offered within premium subscription packages.” He noted respondents from the study expressed a strong willingness to pay for this premium experience and will gravitate to recognized, established brands over newer digital entrants. Meanwhile, pay-TV providers will be happy to hear that Accenture research indicates even though viewers are migrating from traditional TV viewing, incumbents still hold an advantage over OTT players like **Netflix** and **Amazon**. The advantage will persist as long as incumbents evolve their services to add high-quality OTT service with premium content. “The race to find the next generation aggregator in the digital world is the key,” Tuma said.

**SCTE New Grants:** **SCTE** and the **SCTE Foundation** announced new grants, scholarships and special awards designed to advance the careers of current cable engineering professionals, as well as to create opportunities for engineers outside of the industry, including women, minorities and vets. The program, funded by SCTE Foundation's multi-million dollar Advancing Cable Excellence (ACE) campaign, will support various educational initiatives. It includes Foundation Grants of up to \$1,500 to fund SCTE training and certifications for individuals who have been SCTE members for the last 2 consecutive years, as well as 2 Foundation Scholarships: a Diversity Scholarship targeted toward women and minorities, and a Scholarship for Engineering and Software Programming education. The scholarships may also be used to fund college degree programs at an accredited 2- or 4-year college or university, toward technical training programs through SCTE or for tuition for the SCTE-Tuck Executive Leadership Program or the SCTE-Georgia Tech Management Development Program. Scholarship applicants must be SCTE members for the last 4 consecutive years. The deadline to submit applications is Sept 21.

*Got tech news? Reach out to Cablefax Tech editor Joyce Wang at [jwang@accessintel.com](mailto:jwang@accessintel.com)*

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