

Cablefax Daily™

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What the Industry Reads First

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Bad Week: Nothing's Going Cable's Way at the FCC These Days

It hasn't been the best 2 days for cable as the **FCC** approved several proposals unflattering to the industry during its Open Meeting Thurs, although the moves were very much expected. The meeting followed chmn *Tom Wheeler's* proposal Wed to overhaul the set-top market. In the press Q&A session after the meeting, Wheeler emphasized that nothing in that proposal changes the way MVPDs operate. "This is all about whether the standard for set-top boxes should be a closed standard or an open standard," he said. An open standard enables a self-regulatory environment, he said. Unlike the AllVid proposal, Wheeler said his plan doesn't require a 2nd box and won't impact cable programming bundles or pricing. The proposal will be voted on during the Feb 18 Open Meeting. The Commission will also consider a NOI during that meeting to seek comments on the current state of programming diversity and hurdles that indie programmers face in obtaining carriage. The agency's Republican pair *Ajit Pai* and *Michael O'Rielly* said they need to take a closer look at the set-top proposal before commenting. Blow #2 to cable came during Thurs' meeting when the agency concluded that broadband isn't being deployed to all Americans in a reasonable and timely fashion in its 2016 broadband progress report. The findings were unveiled earlier this month. Based on its current benchmark speeds of 25 Mbps down and 3 Mbps up, the agency found 34mIn Americans still lack access to broadband. However, deployment improved significantly from last year's report, which found 55mIn without access. Surprisingly, Pai is on the same page with the report, with the resident FCC contrarian using the findings to attack the Obama Administration's failure to expand broadband deployment. "After seven years, \$63.6 billion spent, and plenty of talk, this administration's policies have failed to deliver 'advanced telecommunications capability'—broadband—to the American people in a reasonable and timely fashion," Pai said. O'Rielly was the only dissenting com-mish to the broadband report. Among the report's findings: rural Americans and those living on Tribal lands continue to lack access—39% of the rural population and 41% of Tribal lands residents. For the 1st time, the report also included data for satellite broadband services, concluding that no satellite broadband service meets the agency's speed benchmark during the reporting period. **NCTA** wasn't pleased. "Unfortunately, what should be an unbiased, data-driven assessment has largely been supplanted by an ends-driven political process used to justify the ever-expanding reach of the FCC's regulatory authority. The result is the unsupportable conclusion reached today by an FCC majority that broadband deployment in the US

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is not reasonable and timely,” the group said in a blog post. Meanwhile, just as the 2016 campaign heats up, the FCC voted unanimously to extend its online filing requirement to cable and satellite ops (as well as radio stations), which would make search for political ad purchases more easily. TV broadcasters are already required to post their files for political advertising and children’s programming in an online searchable database. Cable systems with fewer than 1K subs are exempt from all online file requirements. For cable systems with between 1K and 5K subs, they have 2 years before they have to comply.

TWC on 4Q, Set-top Plan & Programming Costs: Time Warner Cable pre-announced its strong 4Q sub metrics (54K video adds, 281K broadband adds and even voice adding 227K subs) earlier this month, but it’s still worth taking another moment to appreciate them. As CEO *Rob Marcus* said during the earnings call, “some quarters are more fun to report than others” and this one goes into the fun category given that it backs up the TWC Turnaround Plan (aka TWC Maxx, with new cities in the Northeast and Midwest to get the upgrade this year). “Video subscribers were... positive for both the quarter and the year, a remarkable turnaround for a company that had long been the largest net subscriber donor in a cable sector that was itself the largest net subscriber donor to a pay TV industry that was losing subscribers,” wrote analyst *Craig Moffett* in a note to clients. **Evercore ISI** urged investors to focus on TWC’s strong retention of promotional customers who saw rate increases during the quarter. Residential customer relationship churn declined by 5% even though there was a YOY increase in new subs that tend to churn more. What about **Charter’s** acquisition? No update on the timetable, with Marcus saying execs remain hopeful the June CA PUC vote can be accelerated. **Wells Fargo** analysts have said that once **FCC** and **DOJ** approval is in place, the companies should be able to use that as a means to speed up CA given that they will have nationwide concessions set. The pending FCC set-top action was the 1st question from analysts on the call, with Marcus saying it’s not clear just yet what’s being proposed. “From what I can glean from the materials that have been shared, it appears to me that this is an attempt to create regulation that is really unnecessary given the advances that have been made driven by market forces,” he said, citing TWC’s delivery of IPTV through its NYC trial and the TWC TV app, which had about 20mln sessions in Dec and is approaching 10% usage from the customer base. “I’m highly skeptical, but I really do want to reserve judgment until we see what’s being proposed.” Programmers should take heed of Marcus’ comments on programming negotiations. He noted that with more networks making content available direct-to-consumers, it “does potentially shift leverage in a manner that could allow us to moderate programming cost growth,” though he warned it’s early days on that front. For the Q, revenue was up 4.9% to \$6.07bln, with quarterly earnings of \$486mln vs \$554mln a year ago.

More from FCC: The **FCC** proposed rules to strengthen the Emergency Alert System (EAS). The proposals aim to facilitate involvement on the state and local levels, support greater testing and awareness of the system, take advantage of tech innovations and improve EAS security.

To the Mattresses: It’s not looking good ahead of Fri’s 11:59pm deadline for a new **Nexstar-Cox Comm** retrans deal. A prolonged blackout could leave Cox subs in the dark for the Super Bowl. The MSO released a statement Thurs urging the public to voice its opposition to the broadcaster’s planned \$4.6bln purchase of **Media General**. “Nexstar is demanding Cox Communications customers pay triple the current price for retransmission consent or Nexstar will remove their signal from the Cox Communications lineup on January 29. Nexstar won’t even accept the very same rate that stations they manage agreed to just two weeks ago,” Cox said. If the Media General deal is approved, Nexstar’s 171 broadcast stations would make it the largest TV group in the country. “This merger is bad for business, bad for consumers and is not in the public interest,” said Cox, whose parent also owns bcst stations. Nexstar said it has negotiated with Cox for more than 5 months, throwing out the comparisons of bcst nets to the estimated \$8/home per month for **ESPN**. “Across the U.S., broadcast stations and station groups generate approximately 35% of household viewing, yet local broadcasters in aggregate received on average about 12% of the total distribution revenue from cable, satellite and telecom providers such as Cox,” Nexstar said.

Comcast’s Take on Set-top Proposal: Comcast svp of business & industry affairs *Mark Hess* didn’t hold back on slamming **FCC** chmn *Tom Wheeler* over his set-top proposal announced Wed. “While the Chairman touts consumer benefits to his proposal, the opposite is the case,” Hess, a member of the FCC’s technical advisory committee, wrote in a blog post Thurs. He claimed Wheeler’s plan would require traditional TV distributors like satellite and cable providers, but not other video distributors, to re-architect their networks and develop “an undefined new piece of customer equipment just so device companies can take apart the video service and selectively reassemble it,” the exec said. Hess noted the “widely-adopted apps-based model,” which cable prefers, saying Wheeler “ignores the less regulatory apps-based ap-

BUSINESS & FINANCE

proach that is already expanding the array of choices that consumers have to access content on retail devices.” Wheeler’s proposal is expected to be voted on Feb 18, followed by a comment period. Comcast will study the proposal and provide “constructive input,” said Hess.

ESPN’s Virtual 3: ESPN will debut “ESPN Virtual 3,” a tech that illuminates the 3-point line for every 3-point shot attempt, on Sat for the 2nd edition of NBA Saturday Primetime on **ABC**. The tech will roll out for **NBA** Saturday Primetime on ABC broadcasts this season. The net claimed the technology gives viewers instant clarity on whether a 3-point shot has been attempted.

comScore/Rentrak: comScore and Rentrak shareholders approved the companies’ proposed merger, expected to close by COB Fri. Rentrak is set to become a subsidiary of comScore.

Advertising: Infomercial producer **Cannella Response Television** has bought **Media Properties Holdings**, which includes **AdMore** and direct response company **REVShare**. Financials weren’t disclosed. REVShare has more than 1700 local bcst stations, national cable nets, cable systems, cable interconnects and program syndicators across the US. *Rob Medved* will oversee the combined entity as CEO. *Tony Besasie* will continue to serve as CRT’s pres and MPH’s *Brendan Condon* will serve as pres of the AdMore, REVShare and LGT units.

Cablefax Daily Stockwatch

Company	01/28 Close	1-Day Ch	Company	01/28 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	47.00	(0.09)	ECHOSTAR:	33.40	(0.67)
ENTRAVISION:	7.18	(0.15)	GOOGLE:	730.96	30.97
GRAY TELEVISION:	12.74	(0.56)	HARMONIC:	3.14	(0.17)
MEDIA GENERAL:	16.04	(0.15)	INTEL:	29.97	0.16
NEXSTAR:	43.40	(3.49)	INTERACTIVE CORP:	50.50	(1)
SINCLAIR:	32.42	1.18	LEVEL 3:	47.18	(0.46)
TEGNA:	23.05	(0.48)	MICROSOFT:	52.06	0.84
MSOS					
CABLE ONE:	420.67	1.74	NETFLIX:	94.41	3.26
CABLEVISION:	31.61	0.58	NIELSEN:	46.86	0.95
CHARTER:	167.30	2.01	RENTRAK:	45.50	0.20
COMCAST:	54.11	(0.01)	SEACHANGE:	6.09	0.13
GCI:	17.85	0.12	SONY:	20.29	(0.75)
LIBERTY BROADBAND:	46.39	0.14	SPRINT NEXTEL:	3.05	0.13
LIBERTY GLOBAL:	33.73	(0.58)	TIVO:	7.72	0.02
SHAW COMM:	17.06	0.31	UNIVERSAL ELEC:	47.94	0.47
SHENTEL:	21.97	(0.11)	VONAGE:	4.94	(0.13)
TIME WARNER CABLE:	178.48	2.84	YAHOO:	28.75	(0.94)
PROGRAMMING					
21ST CENTURY FOX:	26.13	(0.45)	TELCOS		
AMC NETWORKS:	71.16	(0.65)	AT&T:	35.53	0.05
CBS:	46.29	(1.05)	CENTURYLINK:	24.82	0.19
CROWN:	4.24	(0.08)	FRONTIER:	4.51	0.06
DISCOVERY:	26.73	(0.37)	TDS:	22.68	0.11
DISNEY:	93.53	(0.79)	VERIZON:	49.01	(0.02)
GRUPO TELEVISA:	25.69	(0.31)	MARKET INDICES		
HSN:	46.18	(0.07)	DOW:	16069.64	125.18
LIONSGATE:	25.82	(1.28)	NASDAQ:	4506.68	38.51
MSG NETWORKS:	17.10	(0.35)	S&P 500:	1893.36	10.41
SCRIPPS INT:	59.31	(0.74)			
STARZ:	28.14	(1.05)			
TIME WARNER:	69.58	(1.37)			
VIACOM:	47.31	0.73			
WWE:	17.82	0.25			
TECHNOLOGY					
ADDVANTAGE:	1.76	(0.07)			
AMDOCS:	53.91	1.48			
AMPHENOL:	48.46	0.07			
APPLE:	94.09	0.67			
ARRIS GROUP:	24.95	(1.19)			
AVID TECH:	6.85	(0.1)			
BROADCOM:	54.50	0.13			
CISCO:	23.11	(0.33)			
COMMSCOPE:	21.33	(0.18)			
CONCURRENT:	5.35	0.16			
CONVERGYS:	23.31	0.10			
CSG SYSTEMS:	34.84	0.58			

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PROGRAMMER'S PAGE

The Next Gen of Zombies

When *Justin Stamper* started “flipping” houses 7 years ago, his hometown Orlando was in a bad place. “You could literally drive down any given street on any given day in Orlando and find houses starting to be taken back by Mother Nature. Grass as high as your knees, boarded up windows, raccoons making themselves at home instead of people,” Stamper said. These abandoned, decrepit houses have been penned “zombies,” and the idea of flipping them—that is buying foreclosed upon homes and renovating them in order to resell them for higher values on the market—has become a trend in recent years, especially after the housing bubble crash. This phenomenon is the premise behind **FYI's** new show “Zombie House Flipping,” premiering Sat, 10pm. In each episode, Stamper, who's become a well-known neighborhood flipper, and his trusty sidekick, brown lab *Marley*, scour Orlando streets in search of their next zombie. From there, builder *Keith* and designer *Duke* take over, transforming nightmares into dream houses, and preparing the properties for realtor *Ashlee* to list and sell them for profit. But it's not always a guaranteed win—Stamper said there have been plenty of instances he's regretted getting involved with a flip. “There's definitely some houses you get into where it's like man, ‘I wish this zombie would've just stayed buried in the earth instead of in my life.’” That's why sourcing the deal correctly is one of the most important, and stressful, parts of the process. From ep 1, tensions are high when it comes to keeping the budget on track, especially when it comes to making expensive and important decisions. What else can viewers look forward to this season? For one, “Lots of us being knuckleheads,” said Stamper. “Keith climbing everything, swinging sledgehammers everywhere and a few gnarly shots of my blood spraying everywhere on a demo day.” — *Kate Salava*

Reviews: “The People vs. O.J. Simpson,” premiere, Tues, 10pm, **FX**. This 10-parter includes a bevy of interesting choices: The opening tableaux looks at the *Rodney King* affair and its violent aftermath, providing context for re-telling *O.J. Simpson's* tale; instead of finding character actors who look nearly like the real-life people they play, well-known talent take the main roles, with hair, makeup and prosthetics doing a lot of work—the effect varies. *Cuba Gooding Jr.* won't remind you of Simpson physically, although his performance is strong, the thick eyebrows affixed to *John Travolta's* forehead look silly and his performance as defense attorney *Robert Shapiro* isn't much better. Fortunately, the rest of the ensemble rises to Gooding's level, and the storytelling is very effective, remaining close to *Jeffrey Toobin's* book about the case. Producer *Ryan Murphy* and team also wisely limit unnecessary drama—yes, we have *Robert Kardashian (David Schwimmer)* scolding his young daughters, but with this historic case, the story, told faithfully, is gripping enough. -- “Mission Critical: Leopards at the Door,” Sun, 9pm, **Nat Geo Wild**. Not into animal documentaries? Watch this anyway (we say that about many Wild shows, there's a message here). It's a terrific story about a photographer's attempt to have leopards and people coexist in a major city and a fabulous, informative hour of television. — *Seth Arenstein*

Basic Cable Rankings (1/18/16-1/24/16)			
Mon-Sun Prime			
1	FOXN	0.9	2104
2	HGTV	0.7	1762
2	USA	0.7	1657
2	TBSC	0.7	1636
5	DISC	0.6	1572
5	DSNY	0.6	1529
5	TNT	0.6	1475
5	DSE	0.6	141
9	HIST	0.5	1277
9	FX	0.5	1244
9	ESPN	0.5	1191
9	LIFE	0.5	1188
9	ID	0.5	1181
9	FOOD	0.5	1136
15	ADSM	0.4	1053
15	TLC	0.4	968
15	A&E	0.4	937
15	HALL	0.4	905
19	NAN	0.3	813
19	MSNB	0.3	764
19	AMC	0.3	759
19	SPK	0.3	756
19	BRAV	0.3	753
19	FAM	0.3	681
19	TVLD	0.3	674
19	SYFY	0.3	667
19	CNN	0.3	666
19	EN	0.3	648
19	APL	0.3	637
19	DSJR	0.3	636
19	VH1	0.3	598
19	NKJR	0.3	585
19	LMN	0.3	541
19	HMM	0.3	418
19	DFAM	0.3	61
36	MTV	0.2	561
36	WETV	0.2	549
36	CMDY	0.2	547
36	GSN	0.2	504
36	NGC	0.2	500
36	OWN	0.2	488
36	BET	0.2	487
36	ESP2	0.2	474
36	INSP	0.2	443

*Nielsen data, supplied by ABC/Disney, is based on coverage area of individual networks

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