

# Cablefax Daily™

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What the Industry Reads First

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## Comcast & Verizon: More Carriage Disputes Possible

Rising programming costs and the changing media landscape might lead to more conflicts between pay-TV distributors and content providers moving forward, **Verizon** and **Comcast** execs said at the **Morgan Stanley** Technology, Media & Telecom Conference Tues. “This year, maybe next year, you are going to start to see more, I think, real conflict between content and linear TV providers and more maybe going dark and some content being dropped over time. I think it’s just the nature of what’s going to happen in this ecosystem,” Verizon CFO *Fran Shammo* said. As consumers demand more flexible viewing options, issues like rising programming costs and traditional carriage agreements need to be addressed, Comcast CEO *Brian Roberts* said in a separate session. “I think you’re going to see real tension” around the traditional programming arrangements, he said. “Is that sustainable? Is that a product that’s going to shrink?” Thanks to Comcast’s **NBCU** unit, the company will be on both sides of the conversation, and it hopes to help change it in a way that will benefit consumers, Roberts said. Skinny content offerings like Verizon’s Custom TV service is a step in that direction, Shammo said. The telco recently updated the offering so there are 2 package options with more than 100 channels and 3 optional genre-specific packs. The telco already saw a higher take rate of the main package as well as add-on packs following the revamp, Shammo said. Meanwhile, Verizon is expanding beyond wireless into video through services like go90, which was launched in Oct. And Verizon is set to exempt data consumption from go90 from consumers’ monthly data allowance through its FreeBee Data program. The initiative was announced last month, allowing content providers to cover the costs of mobile video delivery so that consumers can enjoy zero-rated video. Shammo is bullish on advertising opportunities around go90. “It’s still early stages, but advertisers are excited about the prospects around go90, and the reason is because we can target more directly... If I’m an advertiser in New York who only wants to target 20- to 25-year-olds with my product, we can actually do that using our database and using the go90 platform to launch that advertisement to that base,” said Shammo. “And that’s worth more to an advertiser rather than a blanket TV ad that goes across multiple units and there are multiple segments that would never buy that product,” he said. As for Comcast’s plans beyond video and broadband, Roberts was asked if the company is interested in entering the wireless business through its extensive WiFi footprint. Roberts said “we are looking forward to plugging that up to see if we can provide more value to customers in bundles,” noting Comcast’s MVNO relationship with Verizon.

**More from Investor Conference:** **Verizon** is among the companies reportedly looking at a potential acquisition of **Yahoo**. CFO *Fran Shammo* acknowledged that the telco is looking at “every single opportunity.” It will evaluate whether a Yahoo deal can add value to Verizon, he said. That said, it’s still premature to discuss a potential transaction as Yahoo is still looking at its options, he said. “I don’t think anybody knows what’s under the hood yet... That’s just an opportunity we will take a look at,” Shammo said. The telco is in the process of divesting its wireline assets in CA, FL and TX to Frontier, which means its wireline assets will be mostly in the Northeast. “It’s a very good footprint for us, and we

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- Social Media Maverick Award

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- MSO of the Year
- Community Service Award System-Level
- Customer Care
- Financial Executive of the Year
- Leadership Award
- Lifetime Achievement Award
- Project Launch of the Year
- Regional Executive of the Year
- Sales Team of the Year
- Social Media Maverick Award
- Technology Award

The Top Ops winners will be honored in the July issue of Cablefax: The Magazine. The Independent Operator of the Year Award (IOY) is presented in conjunction with ACA and NCTC— and the IOY Award is presented at the July Independent Show.

Contact Mary-Lou French at [mfrench@accessintel.com](mailto:mfrench@accessintel.com) with any questions.

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believe the property we have are still underpenetrated,” Shammo said. -- **Charter CEO Tom Rutledge** expects regulatory review of its **Time Warner Cable** acquisition to be completed sometime in May. “I do think that the **FCC** is working in their shot clock and working to be consistent with their shot clock,” he said. Charter is working with the agency to “pick some of the benefits of the transaction and turn those into favorable social outcomes.” It’s also working with state regulators reviewing the deal, hoping all regulatory processes can wrap up in May following CA regulators’ review, Rutledge said.

**AT&T’s Plan for DirecTV Video:** AT&T plans to offer **DirecTV** video services over broadband starting in 4Q. The contract-free plans are designed for customers “looking for premium content with choice and flexibility in what they want to watch and how they want to watch it,” the telco. DirecTV Now includes much of what’s available from DirecTV today, featuring on-demand and live programming from many nets, plus premium add-on options. Users will be able to access the service over a wired or wireless Internet connection and on Internet-enabled devices. The DirecTV Mobile service is a mobile-first offering, providing premium video and digital content that can be accessed from smartphones, regardless of the wireless provider. The DirecTV Preview free service features some of the programming available on DirecTV today. The ad-supported service will showcase content from AT&T’s Audience Network, as well as content from other sources, including millennial-focused **Otter Media**, a jv of AT&T and The **Chernin Group**. “These new video subscription models reflect the flexible content choices, viewing options and simple, transparent pricing that consumers want. AT&T intends to be the first company to deliver that flexibility, along with an effortless customer experience,” said **John Stankey**, head of **AT&T Entertainment Group**.

**Privacy Letter:** **NCTA, ACA, the Competitive Carrier Association** and **CTIA**, the wireless association sent a joint letter to **FCC** chmn **Tom Wheeler**, proposing guidelines and principles for the agency to consider as it moves forward with a rulemaking on broadband privacy. The framework includes principles on 4 separate areas: transparency, respect for context and consumer choice, data security, and data breach notifications. “As the FCC considers each of these areas, the FCC should draw from the FTC’s longstanding and effective unfairness and deception approach to privacy,” NCTA said.

**Mance Media Launches 4K:** L.A.-based content distributor **Mance Media** launched a multiplatform UltraHD channel **4KUNIVERSE**. The OTT service currently costs \$5.99 a month via **YouTube** and **Vimeo**. The channel will be expanded to other countries.

**Net Neutrality Report:** The White House dictated the **FCC’s** net neutrality decision, according to Sen **Ron Johnson** (R-WI), chmn of the **Senate Homeland Security and Government Affairs Committee**. He released a report following more than a year of investigation showing “the White House overrode the FCC’s decision-making apparatus,” Johnson said. “It is concerning that an independent agency like the FCC could be so unduly influenced by the White House, particularly on an issue that touches the lives of so many Americans and has such a significant impact on a critical sector of the United States economy.” Noting the FCC didn’t put out the shift to a Title II regime for public comment, the lawmaker said “specifically, the FCC’s career professional staff advised that the record to support Title II reclassification for both fixed and wireless broadband was thin and needed to be bolstered. Despite this recommendation, the FCC chose not to seek additional public comment, and proceeded with the president’s preferred policy outcome.” The FCC

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responded that it was a fair process. “It’s no secret that four million Americans, including the President, urged the FCC to protect a free and open Internet. The FCC ran a transparent and robust rulemaking process, which resulted in strong rules to ensure the Internet remains a platform for innovation, expression and economic growth,” a spokeswoman said. The FCC’s GOP pair *Ajit Pai* and *Michael O’Rielly* have long criticized the way the net neutrality proceeding was handled. Following Johnson’s report, Pai said “whether you support or oppose Internet regulation, this has been a sad chapter in the history of the FCC. Moving forward, the Commission must recommit itself to being a truly independent agency that makes decisions based on the facts and the law, not on the whims of any White House.” O’Rielly chimed in, calling the final order is a “discredit to the agency’s independence and the rule of law.”

**FCC Doings:** The **FCC’s Media Bureau** will host the first of 2 workshops to examine the state of the video marketplace on March 21. It will feature several panels that will explore marketplace trends as well as challenges faced by distributors of video programming. A more detailed agenda to come.

**On the Circuit:** The **NAMIC** Mid-Atlantic chapter will have its general membership mixer on March 31 at Sirius XM’s office in DC.

## Cablefax Daily Stockwatch

Company	03/01 Close	1-Day Ch	Company	03/01 Close	1-Day Ch			
<b>BROADCASTERS/DBS/MMDS</b>								
DISH:	48.74	1.61	ECHOSTAR:	44.76	0.06			
ENTRAVISION:	7.74	0.02	GOOGLE:	718.81	21.04			
GRAY TELEVISION:	12.25	0.71	HARMONIC:	3.37	0.02			
MEDIA GENERAL:	16.90	0.28	INTEL:	30.37	0.78			
NEXSTAR:	45.83	1.15	INTERACTIVE CORP:	45.74	1.32			
SINCLAIR:	31.40	0.53	LEVEL 3:	49.56	1.01			
TEGNA:	24.74	0.10	MICROSOFT:	52.58	1.70			
<b>MSOS</b>								
CABLE ONE:	428.00	(0.57)	NETFLIX:	98.30	4.89			
CABLEVISION:	32.70	0.17	NIELSEN:	50.60	0.54			
CHARTER:	184.33	4.77	SEACHANGE:	5.97	0.20			
COMCAST:	59.22	1.49	SONY:	21.61	0.49			
GCI:	19.04	(0.05)	SPRINT NEXTEL:	3.47	0.03			
LIBERTY BROADBAND:	51.77	1.48	TIVO:	8.55	0.16			
LIBERTY GLOBAL:	37.87	1.03	UNIVERSAL ELEC:	54.11	0.97			
SHAW COMM:	17.75	0.46	VONAGE:	5.38	0.01			
SHENTEL:	24.70	0.54	YAHOO:	32.80	1.01			
TIME WARNER CABLE:	194.49	3.63	<b>TELCOS</b>					
<b>PROGRAMMING</b>								
21ST CENTURY FOX:	27.80	0.78	AT&T:	37.39	0.44			
AMC NETWORKS:	65.64	0.10	CENTURYLINK:	31.12	0.53			
CBS:	50.25	1.87	FRONTIER :	5.47	0.06			
CROWN:	4.39	UNCH	TDS:	26.94	0.22			
DISCOVERY:	26.43	1.43	VERIZON:	51.46	0.73			
DISNEY:	97.65	2.13	<b>MARKET INDICES</b>					
GRUPO TELEVISIA:	26.56	0.86	DOW:	16865.08	348.58			
HSN:	54.35	1.26	NASDAQ:	4689.60	131.65			
LIONSGATE:	22.01	0.91	S&P 500:	1978.35	46.12			
MSG NETWORKS:	16.85	0.43						
SCRIPPS INT:	61.26	2.02						
STARZ:	26.09	0.90						
TIME WARNER:	66.80	0.60						
VIACOM:	42.17	0.71						
WWE:	16.85	0.13						
<b>TECHNOLOGY</b>								
ADVANTAGE:	1.69	0.09						
AMDOCS:	57.60	0.84						
AMPHENOL:	54.86	1.79						
APPLE:	100.53	3.84						
ARRIS GROUP:	23.91	0.02						
AVID TECH:	7.11	(0.54)						
BLNDER TONGUE:	0.45	0.00						
CISCO:	26.83	0.65						
COMMSCOPE:	26.41	1.22						
CONCURRENT:	5.89	0.51						
CONVERGYS:	26.34	0.56						
CSG SYSTEMS:	38.50	0.54						

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## GUEST COLUMNIST

### ACA's Members Hold the Key to Reform

By Matthew Polka

Hundreds of American Cable Association members meet in Washington, D.C. and this week for the annual ACA Summit, now in its 23rd year. The Summit emerged as a signature event at the dawn of ACA's arrival as a lobbying force for hometown America. Over the years, ACA Members, a collection of the country's most innovative thinkers in the field of communications, have shown time and again that they truly hold "the key to reform" so necessary to enhance the public's welfare.



**Matt Polka**

This year's Summit takes place amid rapid industry change fueled by digital disruption and enabled by the broadband networks that were built by entrepreneurs with their own risk capital in some of the smallest markets in the land.

Although we still have plenty to do in 2016, ACA's members are looking ahead to a bright future built upon a solid past.

The last year proved once again that nothing worth winning is ever easy to accomplish. But the victories gained in 2015 were indeed triumphs over policy inertia, and a sign that Washington is willing to listen to ACA's concerns and respond in beneficial ways. Persistence—accompanied by strong facts and legal arguments—has a strong tendency to yield positive outcomes. That's why ACA is never shy about asking for a seat at the bargaining table.

Looking ahead, ACA will seek more action by asking Washington:

- To adopt new regulations holding TV stations to their legal obligations to negotiate retransmission consent in good faith to stop skyrocketing fees and record-

setting signal blackouts;

- To allow for a robust and balanced debate on set-top box regulations as proposed in the Feb. 19 Notice of Proposed Rulemaking, as well as legitimately taking into account the regulatory costs imposed upon analog-only cable systems and smaller cable operators (1 million subscribers or fewer);
- To make permanent the small business exemption from the Open Internet Order's enhanced transparency requirements for smaller Internet Service Providers (ISPs);
- To update the program access rules to ensure that buying groups, such as the National Cable Television Cooperative (NCTC), are eligible to defend co-op members against price-gouging media conglomerates;
- To study and address why consumers can't get more of the video choices they want from ACA members because of harmful practices imposed by large media conglomerates that demand strict carriage and tier requirements; and
- To understand and acknowledge that ACA's independent broadband providers are the key to broadband deployment in smaller markets, rural areas and competitive markets.

ACA and its members have worked hard to be viewed as a credible and dependable source of information about independent operators and our cable industry. That reputation, earned over decades of effort, is a vital asset, but one that we don't take for granted. At ACA we believe our members hold the "key to reform," not just because that what we have to say has merit, but also because in today's Washington very few have the luxury of pushing on an open door.

- *Matthew Polka is president and CEO of the American Cable Association*

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