

Cablefax Daily™

Thursday — March 3, 2016

What the Industry Reads First

Volume 27 / No. 041

ACA Summit: Short Legislative Year, Long To-Do List

While it's likely a short legislative year, **ACA** will have ample to tackle thanks to **FCC** chmn *Tom Wheeler* and the changing media landscape. One key initiative will be removing barriers of skinny TV bundles. "I believe this needs to become an industry standard, and ACA is educating Congress and the FCC on ways to remove barriers to allow for skinnier bundles to happen," pres/CEO *Matt Polka* said. **NCTC** shares that vision. Supporting flexibility and diversity of content choices will be the group's focus this year beyond, said pres/CEO *Rich Fickle*, who made a quick appearance during the opening session. In fact, ACA member **Cincinnati Bell** is set to launch a skinny bundle similar to **Verizon's** Custom TV offering *Mon, Michael Morrison*, dir of Fioptics Services, said during an afternoon panel. Cincinnati Bell's MyTV offering features a basic "starter" bundle plus genre-based packs for an additional cost that include nets such as **ESPN**. A similar move landed Verizon with a lawsuit from the **Disney**-owned net. ACA's agenda also includes pushing for retrans reform and fighting against FCC proposals like the set-top NPRM and the expected broadband privacy proposal. On top of that, it is battling against the FCC's Title II net neutrality order in court. One piece of legislation topping ACA's agenda is a House bill that would provide a 5-year exemption for small ISPs (those with 250K subs or fewer) from the FCC's enhanced net neutrality rules. The good news is the bill appears to have broad bipartisan support, Rep *Mike Pompeo* (R-KS), a House Commerce member, told attendees. "I believe this is something we can pass," he said, predicting it will sail through the House and that the Senate will see the benefits of it as well. It's a different story for another broadband bill. While Wheeler has repeatedly said he's not seeking to regulate rates, some members of Congress are taking no chances. The "No Rate Regulation of Broadband Internet Access Act," introduced by Rep *Adam Kinzinger* (R-IL) last year, seeks to prevent the FCC from regulating Internet rates using its new authority under Title II. "We have been trying to move it through the subcommittee" but it turns out to be more partisan than anticipated, Pompeo acknowledged. That's not the only divisive issue with House Commerce tackling FCC reform in an attempt to bring more transparency and better communications to the agency. Pompeo said it's been a slow-moving process due to resistance from Democrats. "We will continue to keep trying," focusing on reform ideas with broader consensus, he said. The lack of progress on FCC reform won't stop the committee from furthering its oversight of the agency. "Oversight is about keeping them (FCC) in their lane," he said.

FEATURED SESSION:

Acronym Soup: How to Survive the Multiscreen Chaos

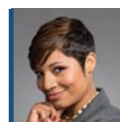
During this session:

- Gain insight about the latest technologies, and how can they facilitate content across screens.
- Get a feel for how news out of the Consumer Electronics Show in January will affect this multiscreen world in 2016.
- Find out how programmers, distributors and vendors can take advantage of the latest multiscreen trends and technologies.
- Gain perspective on how understanding the complexities surrounding multiscreen content can help you and your team edge out competitors.

SPEAKERS:



Alix Cottrell
Group VP,
Video Product
Time Warner
Cable



Lori Hall
SVP, Marketing
TV One



Peter Nush
VP, Product
Management
Comcast X1
Entertainment
Operating System



Brent Smith
President, CEO
Evolution
Digital



Kent Steffen
President, CSG
Digital Services
CSG
International

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TOP OPS AWARDS

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- Independent Operator of the Year
- Independent Customer Service Award
- Independent Financial Executive of the Year
- Independent Lifetime Achievement Award
- Independent Marketer of the Year
- Independent Project Launch of the Year
- Independent Financial Executive of the Year
- Independent System Executive of the Year
- Independent Technology Award
- Social Media Maverick Award

* In Conjunction with NCTC and ACA

MSO Awards Categories

- 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 with any questions.

For sponsorship opportunities, contact Rich Hauptner at rhauptner@accessintel.com.

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Pompeo, a member of the subcommittee on National Security Agency and Cybersecurity, also referenced the recent Apple-FBI fight over privacy. "Unfortunately we are going to step in... The issue impacts all telecom providers" including cable, he said. The goal is to have consumer privacy protection while ensuring law enforcement can do their job, he said. Also speaking at the annual gathering was House Commerce *Mike Doyle* (D-PA). He warned that the short legislative year means the chances of passing any major cable/telecom reform out of the committee this year will be slim, though Pompeo said House lawmakers will focus on appropriations bills (some of which could include telecom/cable provisions).

Comcast Complaint: Public Knowledge said Wed that it has filed a complaint with the **FCC** over **Comcast** excluding its Stream TV service from its own data cap. It alleges that Comcast has violated its **NBCU** merger commitments and its actions are inconsistent with the Internet Conduct rule in the FCC Open Internet Order. Comcast says Stream is delivered over the same network that delivers all of Comcast's other cable television programming into the home. Unlike **Netflix**, **Hulu** and other video services, Stream is only available in the home, delivered entirely as a Title VI cable service on a closed path completely on the Comcast network. AT&T's U-verse and CenturyLink's Prism are both IP-delivered services. But the complaint takes a different view. "Whether or not Stream TV travels on the 'public Internet,' customers access it over their broadband Internet Access Service connections. There is no exception in the term 'network traffic' that makes some kind of public/non-public Internet distinction," the complaint said. PK also argued that the service does travel on the "public Internet." "As Public Knowledge understands it, Comcast restricts Stream TV to Comcast broadband connections. However, PK understands that it does this for licensing, not technical reasons," the filing said. "Stream TV, by contrast, is limited to Comcast broadband subscribers in the same sense that some online video programming is often unavailable to residents of particular countries, for instance—licensing terms require that video service providers institute such blocks. But putting technical restrictions on who may access Internet content does not mean that it's no longer on the Internet."

On the Hill: Sen Commerce members grilled **FCC** chmn *Tom Wheeler* on his set-top proposal Wed during an FCC oversight hearing, with Sen *Bill Nelson* (D-FL) pushing that any new rules not harm the "vibrant market for quality programming," and chmn *John Thune* (R-SD) questioning how the proposal could produce better results than consumer-driven disruption that's already happening. Nelson specifically asked whether the proposal opens up content to ad insertion. "That which the a cable operator puts out should remain sacrosanct and untouched. Nothing in our proposal creates an opportunity for that to happen," Wheeler said. He said the language in the pending NPRM was actually lifted from the CableCard mandate, which proved sufficient in avoiding that problem (Read columnist *Steve Effros*' take on what it means on page 4). But if companies "think it's not good enough," the notice asks them to provide comments on what should be done, he said. The proceeding has the support of Sen *Ed Markey* (D-MA), who said a component of the '96 Telecom Act (which he co-authored) was to break the box monopoly. "20 years later and 99% of all Americans are still renting a set-top box. That's not innovation," he said. "We're still waiting on the revolution." Other highlights from the near 3-hour hearing: Wheeler declined to promise to step down if the new US president doesn't ask him to stay. "I understand expectations," he said, but added that 10-11 months from now is a long time away. "It's not the wisest thing in the world to make an ironclad commitment."

TiVo Changes: TiVo's *Jeff Klugman* entered into a separation agreement with the company that sees him leaving his post as evp, gm of products and revenue. He's receiving a lump sum of \$468,180 and reimbursement for continued healthcare through Feb 28, 2017, according to an **SEC** filing. Klugman, whose separation took effect Tues, also will receive a bonus payment and continued vesting of stock awards through Apr 1. Klugman's departure is not part of a 50-employee layoff recently announced (first reported by *Multi*), but he decided to leave as part of the reorganizing and restructuring of the company. TiVo sees the operator business as an area with real momentum. "This does not mean we are turning away from the consumer business. We are redirecting our investments but very much believe in the future opportunities of the consumer marketplace," said interim CEO and CFO *Naveen Chopra* during Tues' 4Q earnings call. For the Q, TiVo's net rev increased 8% to \$123.1mln, while hardware sales declined 5% to \$21.4mln. It added 337K subs to put it sub base at 6.8mln.

Unlock the Box: While video margins are generally getting smaller for indie ops, it doesn't sound like they are getting out of the set-top business, at least not any time soon. "It is a must-have thing. It's our interface... It gives us a gateway into the customer home for things like advertising, video on demand and pay-per-view," **ACA** chmn and **MCTV** pres *Robert Gessner* told reporters during a briefing at the group's Summit Wed. ACA is among the vocal opponents of the FCC's set-top proposal, which chmn *Tom Wheeler* contends will open up the market for more consumer choice and

BUSINESS & FINANCE

competition. The opposition is about “avoiding public policy mistakes. There are so many unanswered questions in there... We fear that we might end up with another government mandate” like the CableCard, said Gessner. ACA pres/CEO *Matt Polka* noted independent ops are already trying to deploy more competitive boxes. “We don’t need another technical mandate,” he said.

Political Advertising 2016: With a “huge” election year looming for the advertising market, **Viamedia** pres/CEO *Mark Lieberman* told independent cable operators gathered in D.C. for the **ACA Summit** to preserve as many ad avails as possible across screens when striking content deals. “Make sure you still own those two minutes per hour, even if it’s for OTT,” he said. Leading Republican presidential candidate *Donald Trump’s* failure to sweep all the Super Tuesday states this week means his opponents will likely stay in the race longer—and spend big on TV and online advertising to counteract the free press that Trump consistently attracts. And it’s a similar situation with *Hillary Clinton* and *Bernie Sanders* on the Democratic side. While much political advertising money will flow to the Internet rather than TV, Lieberman said cable ops can draw media dollars away from digital outlets by emphasizing cable’s unique ability to target ads locally. “Data is the new creative,” he said.

Cablefax Daily Stockwatch

Company	03/02 Close	1-Day Ch	Company	03/02 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	48.84	0.10	ECHOSTAR:	44.83	0.07
ENTRAVISION:	7.65	(0.09)	GOOGLE:	718.85	0.04
GRAY TELEVISION:	11.92	(0.33)	HARMONIC:	3.44	0.07
MEDIA GENERAL:	16.75	(0.15)	INTEL:	30.54	0.17
NEXSTAR:	46.21	0.38	INTERACTIVE CORP:	47.17	1.43
SINCLAIR:	31.69	0.29	LEVEL 3:	50.69	1.13
TEGNA:	24.60	UNCH	MICROSOFT:	52.95	0.37
MSOS			NETFLIX:	97.61	(0.69)
CABLE ONE:	419.41	(8.59)	NIELSEN:	50.78	0.18
CABLEVISION:	32.91	0.21	SEACHANGE:	5.96	(0.01)
CHARTER:	181.88	(2.45)	SONY:	22.00	0.39
COMCAST:	59.37	0.15	SPRINT NEXTEL:	3.75	0.28
GCI:	19.06	0.02	TIVO:	8.00	(0.55)
LIBERTY BROADBAND:	51.61	(0.16)	UNIVERSAL ELEC:	55.41	1.30
LIBERTY GLOBAL:	37.80	(0.07)	VONAGE:	5.53	0.15
SHAW COMM:	17.27	(0.48)	YAHOO:	32.91	0.11
SHENTEL:	25.19	0.49	TELCOS		
TIME WARNER CABLE:	193.41	(1.08)	AT&T:	37.69	0.30
PROGRAMMING			CENTURYLINK:	31.15	0.57
21ST CENTURY FOX:	27.59	(0.21)	FRONTIER :	5.63	0.16
AMC NETWORKS:	64.14	(1.5)	TDS:	27.31	0.37
CBS:	50.15	(0.1)	VERIZON:	52.12	0.66
CROWN:	4.62	0.23	MARKET INDICES		
DISCOVERY:	26.78	0.35	DOW:	16899.32	34.24
DISNEY:	97.00	(0.65)	NASDAQ:	4703.42	13.83
GRUPO TELEVISA:	26.84	0.28	S&P 500:	1986.45	8.10
HSN:	54.23	(0.12)			
LIONSGATE:	22.11	0.10			
MSG NETWORKS:	17.00	0.15			
SCRIPPS INT:	60.97	(0.29)			
STARZ:	26.48	0.39			
TIME WARNER:	66.76	(0.04)			
VIACOM:	41.90	(0.27)			
WWE:	17.31	0.46			
TECHNOLOGY					
ADDVANTAGE:	1.67	(0.02)			
AMDOCS:	57.04	(0.56)			
AMPHENOL:	55.19	0.33			
APPLE:	100.75	0.22			
ARRIS GROUP:	24.05	0.14			
AVID TECH:	7.48	0.37			
BLNDER TONGUE:	0.43	(0.02)			
CISCO:	26.90	0.07			
COMMSCOPE:	27.20	0.79			
CONCURRENT:	5.85	(0.04)			
CONVERGYS:	26.58	0.24			
CSG SYSTEMS:	38.40	(0.1)			

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What the Industry Reads First

Think about that for a minute...

Exhibit A

Commentary by Steve Effros

They just can't figure out why everyone seems so angry at "Washington." They just don't understand why all sides are simply fed up with the way things are done in DC. Well, If you want a really good example of why folks are flummoxed by the goings-on here, all you have to do is read, or for your own sanity, just skim the FCC's new set-top-box rulemaking.



There's so much to be amazed at in this document that it's hard to know where to start. The whole thing allegedly is being triggered by the lease prices and lack of innovation and choice for consumers regarding retail sale of set-top boxes that provide MVPD service. Note; they have yet to define MVPD. But wait! The Chairman loudly proclaims the proposed new rules don't require boxes at all! The document suggests that it does nothing more than require the things that were already required and successfully incorporated into the technical design of the CableCARD. But if that's true, why do we need new technical rules at all? Why not just stick with the CableCARD?

Of course, we know that's not true, we also know there have been literally hundreds of meetings, editorials, commentaries, filings and the like talking about the real effect of what the Commission is proposing, and that is the disaggregation of content. Creating, as I have written before, a backdoor method of using technical rules to essentially re-designate cable as a common carrier. That's the real crux of the fight, and yet I don't think you'll find the word "disaggregation" anywhere in the body of the document! Google's already won.

Other little anomalies that show up include the fact that the Commission is well aware that the "study" they repeatedly point to from several members of Congress

"showing" the "problem" of prices of set top boxes over the years is completely bogus. It lumps in an old simple analog set top box and one of today with multiple tuners, capable of HD, 3D and 4K with a huge hard drive for its DVR and multi-room capability and makes believe there is nothing that would suggest they might be priced differently! They use a single retail device, TiVo, as an example, but leave out the calculation that to work, a TiVo requires monthly payments! Now the FCC really does know all this, but they conveniently leave it out of the narrative. It's 66 pages of sophistry.

The same goes for copyright, which is a huge issue... repeatedly highlighted as such throughout all the discussions about "AllVid 2.0" (I know, the Commission keeps saying this is not another "AllVid" proposal, but if it walks like a duck, quacks like a duck... well, you know the rest.) Copyright, like disaggregation, barely gets a mention in the document. The Commission simply says that, well, these issues didn't show up for CableCARD devices so we don't see how they would be an issue now!

The answer is simple: AllVid 2.0 is far more involved and encompassing than CableCARD. The Commissioners voting for the proposal, with the exception of Commissioner Rosenworcel, who has acknowledged how convoluted it is, and maybe it should be simplified... just make broadly based, unsupported assumptions, say everyone who disagrees has to convince them otherwise (after they've already voted).. and oh, by the way, do it in 30 days. There are entire paragraphs (para. 74) made up solely of questions, but they've already written the rules! It's "Exhibit A" for what has gone wrong in Washington.

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)

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