

Cablefax Daily™

Tuesday — March 15, 2016

What the Industry Reads First

Volume 27 / No. 049

For the Block: NCTA Tells FCC Not to Give ILECs' Money for Voice

NCTA is balking at a proposal by **CenturyLink** and **Frontier** for an additional \$176mIn annually from the Connect American Fund for voice service in unfunded areas. While the companies expect funding to ensure broadband and voice in now unfunded areas will be addressed in a future round of funding (either CAF Phase II or the Remote Area Fund), they told the **FCC** last month that it's a "significant" challenge to maintain the voice network in the interim. "Because of their geography and terrain, these unfunded areas tend to have higher-than-average ongoing maintenance costs, and also experience more service disruptions due to extreme weather events and natural disasters such as tornados, mudslides, floods, and wildfires," the ILECs said. NCTA's take: "At a time when the Commission repeatedly has acknowledged the importance of providing all Americans with access to broadband, the notion of spending hundreds of millions of consumers' dollars on a program that does not deliver broadband to a single home should be a non-starter for the Commission." The cable trade group said that CenturyLink and Frontier knew they were taking on significant deployment and legacy support obligations when they voluntarily elected to receive hundreds of millions of dollars annually from CAF Phase II last year. NCTA also gave the Commission some grief for not promptly moving to implement the Remote Areas Fund after it approved the 2011 Connect America Fund order, calling on the agency to reject the ILECs' request and begin implementing the fund immediately. "Had the Commission promptly moved to implement the Remote Areas Fund, customers in these areas would be beginning to experience broadband for the first time, rather than worrying about whether the incumbent LECs will continue to provide voice service," the group said in a filing Fri.

Vue Launch: Sony's **Playstation Vue** video service is now available nationwide (203 DMAs), and the virtual MSO is joining the skinny bundle craze with new "Slim" packages. **A+E Networks** remains the only major programming group not included. The cheapest package, Access Slim, has 55+ channels for \$29.99/month, including **ESPN, AMC** and **Nick**. The 70+ "Core Slim" package features national and regional sports nets, such as **ESPNU**, for \$34.99/month. Another \$10/month gets consumers the 100-channel Elite Slim package, which features **EPIX, IFC** and a **Machinima** channel. There are no local channels on the Slim bundles, but Vue does provide on-demand next-day access to prime-time content from **ABC, NBC** and **Fox** (**CBS** is not available at launch, but will be added in select markets later). The

Cablefax Daily is **THE** Place to Advertise

Launching a new product? Let the industry know!
Premiering a new show? Let the industry know!
Celebrating an anniversary? Let the industry know!

Our editorial voice reaches the top executives in corporate management, business development, programming, content acquisition, technology and policy.

Deliver your message with impact and influence the industry's elite. **Advertise in Cablefax Daily today!**

Rates & More Information: Rich Hauptner at rhauptner@accessintel.com or 203-899-8460
Olivia Murray at omurray@accessintel.com or 301-354-2010

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Sr. Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Cablefax/Screenster Editor: Kaylee Hultgren, 646.764.8267, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Dir. of Business Dev.: Rich Hauptner, 203.899.8460, rhauptner@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● Dir of Market Dev: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Production: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Sub Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,699.97/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

full Vue service with broadcast channel is available in 7 markets: NY, L.A., Chicago, Philly, Dallas, San Fran and Miami. **MoffettNathanson** analysts questioned how the service will do, declaring that the \$40 offering is not materially cheaper than the traditional TV package and requires either a Playstation 3 or **Amazon** Fire TV device. "Putting this all together, we remain skeptical that Sony's Vue will develop into a major OTT platform," they wrote in a note.

Rate Regulation, Part 1: House Commerce's attempt to markup a bill to ensure no rate regulation of broadband Internet as a result of the **FCC's** Title II reclassification is being hit with opposition. In opening remarks, ranking member *Frank Pallone* (D-NJ) called it "deceptively simple." "While the Republicans claim that they intend the bill to be narrow, we have heard over and over that their draft could swallow vast sections of the Communications Act. Most notably, as written, this bill could undermine the FCC's ability to protect consumers," he said in prepared remarks that complained the GOP isn't taking up Dems repeated offers to improve the bill. Dems will offer amendments to the legislation. House Commerce chmn *Fred Upton* sees it differently, saying the bill should not be controversial. "At the subcommittee level, we heard some concerns over the way this bill would impact the FCC's authority over truth-in-billing, universal service, and fraud. I understand that Chairman [*Greg*] *Walden* plans to offer an amendment to address these concerns. Unfortunately, in our negotiations we were asked to accept modifications that would still allow the FCC to rate regulate at its discretion," he said. The markup was slated to convene for opening statements only at 5pm ET Mon and to reconvene Tues at 10am.

FCC Video Workshop: We have some more info about the **FCC's** State of the Video Marketplace workshop, slated for Mon. A panel on the evolution of the video market includes **BTIG's** *Rich Greenfield*, **Leichtman Research** pres *Bruce Leichtman*, **Wells Fargo Securities'** *Marci Ryvicker* and Columbia econ prof *Eli Noam*. There will be a panel on challenges faced by MVPDs and a separate panel on challenges for OVDs—neither includes distributors. The MVPD session has professors from Stanford and Univ of MD along aide **Sanford Bernstein** analyst *Todd Juenger* and **Analysis Group** managing principal *Tanseem Chipty*. The OVD panel has profs from Indiana Univ and Univ of TX-Dallas as well as **BIA/Kelsey's** *Mark Fratrik*. The day kicks off at 10am ET with opening remarks by FCC chmn *Tom Wheeler*.

Redbox For Sale?: Shares of **Outerwall** rose in after-hours trading Mon after the **Redbox** operator said it would explore strategic and financial alternatives to maximize shareholder value. Last month, shareholder **Engaged Capital** urged Outerwall to explore strategic options, including going private.

Mediacom's Big Spend: Usually, you get gifts on your anniversary, but **Mediacom** has flipped the script. It's celebrating its 20th year by announcing \$1bln capital investment over the next 3 years. Headlining its list of projects is wide-scale deployment of 1-Gig broadband to virtually all of the 3mln homes and businesses in Mediacom's 22-state footprint. "From the time we acquired our first cable system in March 1996, Mediacom's focus has always been to offer the smaller communities we serve the same communications and video services that are available in America's largest cities," said Mediacom founder/CEO *Rocco Commisso*. "Project Gigabit will allow us to go even further by giving our customers access to one of the fastest broadband networks in the world." Other initiatives on tap include extending deep fiber to at least 50K additional homes and deploying WiFi access points throughout high-traffic commercial and public access areas.

4Q Sub Report Card: The multichannel universe (cable, DBS, telco) lost more than 1mln video customers last year, with the 12-month decline more than 4x the 2014 decline, according to an **SNL Kagan** report. In the last part of 2015, the industry lost only 15K subs, basically matching 4Q14 losses. MSOs in 2015 lost 599K total video customers. This was cable's best performance since 2007 when the industry lost 458K customers and marks the platform's first sub-1mln drop in 7 years, SNL Kagan said. DBS lost 478K subs in 2015 vs 39K the prior year, while telco ended the year essentially flat.

Ratings: Logo's 100th ep of "RuPaul's Drag Race," also the Season 8 premiere, was the franchise's best debut in 3 years. Across premiere night, including encores, the episode was watched by almost 1 million people and streamed 1.5mln times. RuPaul will star in the upcoming "Gay for Play Game Show" on Logo (debuts Apr 11, 10pm). -- The 2nd ep of **CNN's** new original series "Race for the White House" drew 2mln viewers Sun night, helped by the 2.8mln viewers who watched the **CNN/TV One** Democratic Town Hall live from Columbus, OH (8-10pm). Numbers are from **Nielsen** Fast National data. The Town Hall ranked as the third highest on record in cable news in both total viewers and among adults 25-54.

Programming: Tennis Channel, which is being acquired by **Sinclair**, will be the exclusive pay TV net of the French Open. Approx 80% of all live, televised French Open competition will be exclusive to the network as it adds match blocks that it

BUSINESS & FINANCE

had sublicensed for the first 9 years of its rights agreement with the tournament, an agreement in effect through 2023. **NBC** has broadcast rights to the French Open (May 22-June 5). -- **AMC** will pair the premiere of new series "Preacher" with the mid-season finale of "Fear the Walking Dead," May 22, 10pm. It'll encore the pilot twice over Memorial Day weekend, with new eps resuming June 5, 9pm. Based on a comic series from the '90s, Preacher follows a TX preacher (*Dominic Cooper*) inhabited by an entity that causes him to develop a highly unusual power. -- Golf clap for **Golf Channel** for its continued coverage of the Drive, Chip and Putt National Finals, which showcase 80 junior golfers. The net will dedicate 5 hours of coverage to the 80 boy and girl golfers beginning at 8am ET on Apr 3.

TCM Film Fest: TCM will open its 7th Classic Film Festival on Apr 28 with a 40th anniversary screening of "All the President's Men." The event runs through May 1 in Hollywood and will include appearances by *Eva Marie Saint*, *Stacy Keach* and *John Singleton*.

People: James "JB" Brown was upped to evp, content distribution, talent and marketing groups for **Revolt**. *Michael Roche* was promoted to evp, sales & partnerships at the net, and *Angela Turner* was upped to svp, affil and consumer marketing. Rounding out the promotions is *Rahman Duker* who was made svp, news, programming and digital.

Cablefax Daily Stockwatch

Company	03/14 Close	1-Day Ch	Company	03/14 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	49.04	(0.5)	ECHOSTAR:	45.24	(0.52)
ENTRAVISION:	7.74	(0.08)	GOOGLE:	730.49	3.67
GRAY TELEVISION:	12.38	(0.36)	HARMONIC:	3.14	(0.14)
MEDIA GENERAL:	17.01	(0.03)	INTEL:	31.43	(0.33)
NEXSTAR:	47.70	(0.69)	INTERACTIVE CORP:	46.77	0.02
SINCLAIR:	32.97	0.01	LEVEL 3:	51.90	(0.09)
TEGNA:	24.24	(0.47)	MICROSOFT:	53.17	0.10
MSOS					
CABLE ONE:	436.93	0.02	NETFLIX:	98.13	0.47
CABLEVISION:	32.85	(0.04)	NIELSEN:	51.03	0.36
CHARTER:	186.00	(1.61)	SEACHANGE:	5.51	(0.02)
COMCAST:	59.23	0.07	SONY:	24.58	(0.03)
GCI:	17.73	(0.65)	SPRINT NEXTEL:	3.72	0.01
LIBERTY BROADBAND:	52.79	(0.56)	SYNACOR:	1.75	UNCH
LIBERTY GLOBAL:	36.79	0.72	TIVO:	7.89	0.12
SHAW COMM:	18.25	(0.04)	UNIVERSAL ELEC:	63.33	(1.87)
SHENTEL:	24.71	(0.15)	VONAGE:	4.77	0.03
TIME WARNER CABLE:	195.07	(0.84)	YAHOO:	33.58	(0.23)
PROGRAMMING					
21ST CENTURY FOX:	27.82	(0.1)	TELCOS		
AMC NETWORKS:	66.73	1.25	AT&T:	38.32	(0.04)
CBS:	53.30	0.18	CENTURYLINK:	31.95	0.08
CROWN:	5.08	UNCH	FRONTIER:	5.34	(0.04)
DISCOVERY:	27.93	(0.51)	TDS:	27.70	(0.24)
DISNEY:	98.81	0.87	VERIZON:	52.54	0.01
GRUPO TELEVISA:	27.04	(0.06)	MARKET INDICES		
HSN:	54.12	(0.04)	DOW:	17229.13	15.82
LIONSGATE:	23.83	(0.06)	NASDAQ:	4750.28	1.81
MSG NETWORKS:	17.71	(0.13)	S&P 500:	2019.64	(2.55)
SCRIPPS INT:	65.19	0.53			
STARZ:	28.25	0.04			
TIME WARNER:	70.75	0.33			
VIACOM:	44.15	0.65			
WWE:	17.93	0.18			
TECHNOLOGY					
ADDVANTAGE:	1.87	(0.05)			
AMDOCS:	58.43	0.46			
AMPHENOL:	55.67	(0.5)			
APPLE:	102.52	0.26			
ARRIS GROUP:	22.48	(1.23)			
AVID TECH:	7.00	UNCH			
BLNDER TONGUE:	0.45	0.02			
CISCO:	27.70	(0.16)			
COMMSCOPE:	26.89	0.01			
CONCURRENT:	6.47	0.46			
CONVERGYS:	26.16	(0.33)			
CSG SYSTEMS:	39.29	1.70			



WICT & WOMEN:
Cable's not-so-secret weapons

There's a reason nearly 10,000 professionals are **WICT** members. **WICT** helps develop talented women who are ready to lead.

The secret is out – joining WICT is the smart choice.

www.WICT.org

CFX TECH by Joyce Wang

Arris Talks Pace Transaction, M&A, OTT

It's been nearly a year since **Arris** announced its **Pace** acquisition, which closed in Jan. And both Arris and Pace's businesses have been somewhat negatively affected by several MVPD transactions, CEO **Bob Stanzione** said at the **Raymond James** 37th Annual Institutional Investors Conference last week. These deals include **Charter's** acquisition of **Time Warner Cable** (both are Arris' top customers), **AT&T's** **DirecTV** deal, and **Verizon's** wireline divestiture. In **AT&T's** case, the telco has been shifting its video sub base to the DirecTV platform following the transaction. "That has caused our business to be reduced last year... We underestimated how fast and severe the reduction would be," Stanzione said. AT&T contributed to more than 10% of Arris' revenue in 2014. The exec acknowledged AT&T's shift in video strategy has affected Arris' overall sales. The strategic change also impacted Pace, which counts AT&T as a client. In Verizon's case, the telco is divesting 20% of its FiOS footprint to **Frontier Communications**. That has slowed down Verizon's investment in FiOS, affecting Arris, a supplier of FiOS equipment. That said, upon the divestiture's expected completion in the spring/early summer, Frontier plans to invest more aggressively in its acquired properties, which could benefit Arris, Stanzione said. Despite some weakness due to consolidations, Arris is positioned well to benefit from the growth in Internet traffic. "OTT video has taken off," driving up traffic on the network, Stanzione said. "The fundamental driver of Arris' business is the amount of bandwidth consumers consume." Among broadband-based service, the expansion of 4K UltraHD is "a great trend for us." So is virtual reality and augmented reality. "The amount of bandwidth required to make those experience enjoyable is a lot... These are the things that will drive bandwidth consumption overtime... We are right in that pipeline... We are in a good spot," said Stanzione.

Arris is the top retail set-top vendor in the US. What's Stanzione's take on **FCC** chmn **Tom Wheeler's** set-top NPRM? "It's trying to regulate technology," he said. Just like the CableCard regime, the set-top proposal is a mistake, he said.

4K TV: Best Buy is selling 4K **Roku** TVs through its **Insignia** brand online. Featuring the integrated Roku operating system with 4K streamed content from providers like **Netflix**, **Amazon** and **UltraFlix**, the TVs are expected to hit stores next month. The starting price for the 43inch 4K Insignia Roku TV is \$399, followed by the 50-inch one for \$499.99 and the 55-inch model for \$649.99. All models have quad-core processors and 802.11ac dual-band WiFi. They can be controlled with the included remote or via Roku's mobile app.

Intel's 3D Play: **Intel** is boosting its 3D video technology for sports programming with the acquisition of Israeli firm **Replay Technologies**, which provides "free dimensional" or "freeD" technology that creates seamless 3D video rendering using 28 UltraHD cameras. Intel recently used the technology to enable 360 degree experience for fans at the **NBA All-Start Weekend**. "Together, we will scale this new category for sports entertainment that we call immersive sports... For athletes, coaches, broadcasters and fans, the ability to capture, analyze and share data adds compelling new dimensions to the game," Intel said in a blog post last week.

Eyeview/TiVo/clypd Deal: Video marketing firm **Eyeview** recently formed strategic partnerships with **TiVo Research** and **clypd**, the TV ad sales platform. The TiVo partnership is expected to enable marketers working with Eyeview to use targeting data to tailor TV advertising content. The deal with clypd seeks to allow Eyeview's clients to purchase TV advertising from major TV media companies.

Got tech news? Reach out to Cablefax Tech editor **Joyce Wang** at jwang@accessintel.com



SCREENSTER **Reach Your Key Audience!**

SCREENSTER IS:

- The Convergence of Online Content and Traditional Media
- Community Building and Audience Aggregation
- Social and Digital Communication
- Monetization Efforts Across Multiple Sectors
- ...And Much More!

www.cablefax.com/screenster | Special Advertising Packages Available!

For more information contact: Olivia Murray: omurray@accessintel.com or 301-354-2010