

# Cablefax Daily™

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What the Industry Reads First

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## YES Man: Tracy Dolgin Moves to Non-Exec Role

*Tracy Dolgin* is transitioning from his role as pres/CEO of **YES Network** to non-executive chairman of the **Yankees** regional sports network. It makes sense given **21st Century Fox's** 80% ownership of the network—other Fox RSNs don't have anyone in a similar CEO post. It also comes on the heels of Fox's buyout program with a targeted \$250mln in cost savings, though officials declined to comment on whether it's related. The lifelong Yankees fan actually approached Fox about the change-up. "This was Tracy's call," said *Jeff Krolik*, **Fox Sports Regional Nets** pres. "We're really happy Tracy's going to be continuing on in this role to work on some bigger issues and more strategic issues. Tracy had a history with us before YES, and really has been one of the pioneers of the regional sports television business." YES was one of Dolgin's clients when he was managing dir and co-head of **Houlihan Lokey's Media, Sports and Entertainment** practice. Dolgin, who was pres of Fox Sports Nets from 2000-2003, became CEO and part-owner of YES in 2004 and feels things have come full circle. "The day I started [at YES] I thought Fox would be the perfect acquirer because it made so much strategic sense and the people there were so in tune with each other," he said. "My role since we sold the company has been evolving, and it has evolved where a lot of the things I've been doing day-to-day and are responsible for day-to-day have become sort of a matrix responsibility with Fox. It really made sense at some point to transition to a role where I really think I can add the most value, and I guess Fox and the Yankees agreed with me." It won't be an overnight change, but he'll eventually move to a role dealing with more strategic and global issues for YES as well as Fox and the Yankees, which owns the rest of the RSN. There's no end date on the role either. "It's going to be a process. If you call tomorrow, or next week or next month, I really won't be doing anything different than I'm doing now. But my goal is to continue the process of transitioning into the Fox platforms and work on the structure here at YES so that some people can take on some of those day-to-day responsibilities as it makes sense." And with a non-exec title, Dolgin acknowledges that it also will free him up "to do things that are of interest to me outside of this company over time."

**C7 vs C3:** The majority of TV nets, including cable and broadcast nets, will use **Nielsen C7** data for the 1st time for upfront deals, according to a member poll by the **Video Advertising Bureau**. That's a shift from last year when C3 data was still the currency. "C3 dramatically undervalues the scale and impact of TV viewing. The audiences for TV programs expand

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well past a 3-day cycle. C7 data gives advertisers a more accurate view of the scale of premium impressions, so they can better account for TV's impact on their marketing plans and sales goals," said VAB pres/CEO *Sean Cunningham*.

**5.9 GHz Spectrum:** The **FCC** unanimously approved the 5.9 GHz Public Notice Wed, which would open up the spectrum for unlicensed use. The band is now used for Dedicated Short Range Communications (DSRC) systems. Republican commish *Michael O'Rielly* and Democrat commish *Jessica Rosenworcel* have urged opening the band for unlicensed use. In a joint statement, the pair said "technological advances have reduced the potential for interference and enabled spectrum sharing, allowing us to explore unlicensed opportunities in this band without causing harmful interference to DSRC safety-of-life functions." The Public Notice adopted a July 30 deadline for the submission of testing equipment and commits to complete testing by Jan 15, 2017. Cable applauded the move. "**NCTA** is committed to finding a sharing solution that works and today's FCC action points the country in the right direction," the group said.

**Incentive Auction Download:** The **FCC's** Incentive Auction Task Force named *Jean Kiddoo* as deputy chair for transition Wed. Working with task force chair *Gary Epstein* and vice chair *Howard Symons*, Kiddoo will plan and implement the post-auction transition during which the FCC will reauthorize and relicense facilities of broadcast stations that get new channel assignments, pay winning reverse auction bidders and administer the \$1.75bn relocation reimbursement fund. The auction started Tues. The agency is expected to auction 126 MHz during the auction, the maximum amount it could get from the broadcasters. The process includes both the reverse and forward auction. The reverse auction could close as early as this summer, but some industry players expect delays into Nov, **Macquarie Securities** analysts said in a research note Wed. The forward auction is set to begin shortly after. **Wells Fargo** analysts said **CBS, FOX, NBC, Sinclair, Tribune** and **Media General** have the "greatest spectrum optionality in the reverse auctions." There will be 52 rounds for the reverse auction (2 rounds per day), while the forward auction will have as many rounds as necessary. The agency's auction rules reserved 30 MHz of spectrum for smaller carriers and regional service providers to increase competition. This could benefit **T-Mobile, DISH** and **Comcast**, Macquarie analysts said. They expect DISH to spend up to \$4bn this year in the auction. The analysts noted that last year DISH and its designated entities returned 200 out of around 700 spectrum licenses after being denied a small-business credit. The FCC will re-auction these licenses. If the proceeds are under \$3.3bn, DISH's designated entities will be required to pay the difference and could therefore, limit the amount it spends in the current auction, said analysts. They expect the auction to raise up to \$39bn, with Comcast potentially spending \$5-\$7bn, based on the analysts' survey of institutional investors. DISH is estimated to spend \$3-\$4bn. **AT&T** and **Verizon** each have a \$10bn budget. While Comcast declined to comment on the auction, the MSO reportedly is participating under the name **CC Wireless Investment**. The FCC released its final list of 99 auction participants on May 12. **Liberty Global**, which initially filed its applications under **Liberty Spectrum**, was absent from the final list. The auction came as the mobile and cable industries explore 5G, the next-generation wireless technology. According to wireless standard group **3GPP**, the 5G specification might not be available until 2020, just in time for the spectrum from the auction to clear, as Macquarie analysts noted. **Verizon** is expected to be the 1st carrier to launch a 5G fixed wireless broadband service using millimeter wave spectrum. Comcast execs have said the MSO's assets would complement 5G, and interestingly, Comcast is working with Verizon to experiment with potential wireless offerings through their MVNO arrangements.

**May Ratings:** No surprise to see **TNT** top the primetime May ratings chart for cable nets with the **NBA** playoffs bringing in big numbers. Mon's Game 7, with its record 15.9mln viewers, technically falls outside of **Nielsen's** dates for May (Nielsen uses Apr 25-May 29 to rank the month), but TNT still had the most-watched cable program of the month. Sat's game with 10.8mln viewers holds the spot, followed by **HBO's** May 15 ep of "Game of Thrones" (10.7mln in L+7). TNT averaged more than 2.8mln viewers for May. Hoops action put **ESPN** in 2nd place (2.12mln viewers), followed by **Fox News** (2.04mln). Fox News clinched its 3rd month as the #1 cable net in total day, with 1.17mln viewers. Runner-up **Nick** averaged 1.16mln. It's the 1st time the news net has held on to the top spot for 3 consecutive months in 1 calendar year. Meanwhile, May marked the closest gap in primetime that **MSNBC** has had with **CNN** since Nov, with CNN averaging 908K viewers compared to MSNBC's 837. Other programmers celebrating May days include **Scripps Nets**, whose **HGTV** recorded its highest-rated and most-watched may ever among 25-54s and 18-49s in prime. Other nets in the portfolio also scored records, with **DIY** seeing a 6% prime ratings growth among 25-54s and **Cooking Channel** posting its highest-rated and most-watched May ever with prime ratings and impressions among P25-54s up 17% and 16%, respectively.

# BUSINESS & FINANCE

**Broadband Privacy:** House Commerce chmn *Fred Upton* (R-MI), Trade Subcmte head *Michael Burgess* (R-TX) and **Communications Subcmte** chair *Greg Walden* (R-OR) slammed the **FCC's** broadband privacy proposal in a letter to agency chmn *Tom Wheeler* Wed. The proposal seems to miss the point: "rather than serve the public interest, these new rules will create public confusion. By subjecting data to multiple and varying privacy regimes within a consumer's single Internet experience, consumers will be left to question which privacy rules apply," the lawmakers said. The **FTC**, by all accounts, has been the primary arbiter of consumers' rights and expectations with regard to Internet privacy by "balancing consumer protection and innovation. Importantly, the FTC regulated all members of the Internet ecosystem under a consistent set of rules," they said. The FCC dropped the NPRM on April 1. Public interest groups including **Free Press**, on the other hand, back the proposal, urging the agency to use its authority to protect Internet users' privacy.

**People:** *Val Boreland* was named evp, content strategy, entertainment networks, **NBCUniversal Cable Entertainment**, a newly created role. She will report to *Chris McCumber*, pres of entertainment networks, NBCUniversal Cable Entertainment. Boreland was previously evp, head of programming & production at **Revolt**.

## Cablefax Daily Stockwatch

Company	06/01 Close	1-Day Ch	Company	06/01 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DISH:	50.73	0.83	INTEL:	31.66	0.07
ENTRAVISION:	7.19	(0.03)	INTERACTIVE CORP:	55.15	(0.73)
GRAY TELEVISION:	11.90	0.08	LEVEL 3:	53.30	(0.65)
MEDIA GENERAL:	17.93	0.09	MICROSOFT:	52.85	(0.15)
NEXSTAR:	52.88	(0.34)	NETFLIX:	101.51	(1.06)
SINCLAIR:	32.01	0.38	NIELSEN:	53.59	0.20
TEGNA:	22.72	(0.1)	SEACHANGE:	3.41	0.10
<b>MSOS</b>					
CABLE ONE:	500.34	10.35	SONY:	27.86	UNCH
CABLEVISION:	34.72	0.04	SPRINT NEXTEL:	3.75	(0.05)
CHARTER:	227.50	8.56	SYNACOR:	3.11	UNCH
COMCAST:	63.73	0.43	TIVO:	9.82	(0.13)
GCI:	14.84	(0.75)	UNIVERSAL ELEC:	64.84	(0.09)
LIBERTY BROADBAND:	59.48	1.68	VONAGE:	4.63	0.02
LIBERTY GLOBAL:	37.39	0.04	YAHOO:	36.65	(1.29)
SHAW COMM:	19.19	0.06	<b>TELCOS</b>		
SHENTEL:	31.91	(0.08)	AT&T:	38.73	(0.42)
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	29.35	0.47	CENTURYLINK:	26.90	(0.22)
AMC NETWORKS:	65.07	1.13	FRONTIER:	5.07	(0.1)
CBS:	55.17	(0.03)	TDS:	28.24	(0.55)
DISCOVERY:	27.81	(0.04)	VERIZON:	50.43	(0.47)
DISNEY:	98.52	(0.7)	<b>MARKET INDICES</b>		
GRUPO TELEVISIA:	26.96	0.22	DOW:	17789.67	2.47
HSN:	52.34	(0.03)	NASDAQ:	4952.25	4.20
LIONSGATE:	22.81	0.51	S&P 500:	2099.33	2.37
MSG NETWORKS:	17.57	0.26			
SCRIPPS INT:	64.52	0.18			
STARZ:	27.40	0.40			
TIME WARNER:	76.41	0.75			
VIACOM:	48.43	0.23			
WWE:	17.72	0.15			
<b>TECHNOLOGY</b>					
ADVANTAGE:	1.78	0.04			
AMDOCS:	57.69	(0.3)			
AMPHENOL:	58.81	0.09			
APPLE:	98.46	(1.4)			
ARRIS GROUP:	24.51	0.41			
AVID TECH:	6.08	0.13			
CISCO:	28.90	(0.15)			
COMMSCOPE:	31.56	0.41			
CONCURRENT:	6.27	(0.23)			
CONVERGYS:	28.40	0.21			
CSG SYSTEMS:	42.57	0.06			
ECHOSTAR:	40.13	0.09			
GOOGLE:	734.15	(1.57)			
HARMONIC:	2.84	(0.02)			



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## Think about that for a minute...

### Linear Hypocrisy

Commentary by Steve Effros

At the INTX Show a couple of weeks ago, I got the opportunity to ask a question from the audience both to four of the FCC Commissioners and at another session to their staffs. The Chairman wasn't there at any event where he could be questioned, so kudos for the others' willingness to at least hear the questions. In both cases, I focused on the set top box proceeding.

When I asked Commissioner Rosenworcel why the Commission doesn't seem willing to even consider other technologies that would appear to not only exist but be much less complex, and basically satisfy all the conditions the Commission said it wanted to get to have a retail set-top box with the exception of requiring disaggregating our content, she waived the question off and simply didn't answer. Not a surprise.

But at the legal assistant's session I got to ask an even more obvious one: since this proposed new rule is intended to define the technical requirements for a universally applicable MVPD set-top box, how could the Commission even begin to create those definitions before finishing another proceeding intended to redefine what an "MVPD" was in the first place? How could they create a technical standard that all MVPDs would have to adhere to when they might be adding new MVPDs to the mix, which would obviously change the technical parameters we're dealing with? Seemed like a pretty obvious question to me.

Not so, pointed out one of the Bureau folks who had been brought along just in case there were sticky questions asked. The answer: the Commission is limiting its review of the definition of MVPD to account only for those program distributors that deliver "linear" programming... not just video on demand packages. That, they smilingly said, eliminated the need to account for the obvious: OTT delivery. The Chairman's assistant then chimed in and said that of



course should they need to look at it "in the future," they could always include newly defined MVPDs!

Now that last answer sort of proves the point I have been making for a while now about the questionable nature of the "expertise" of the Commission. Establishing an entire, very complicated set of engineering rules for a high-tech industry, getting that industry to start migrating to new technology, and then thinking you can add new, different technological players to the mix and expect they will inherently be able to adhere to those same engineering specs is, well... let's be nice and call it unlikely.

The point of my question was not academic. I knew that the "linear" dodge was coming. Here's the problem for the Commission: Hulu has already announced that it's going to be delivering linear programming. Sony's Playstation Vue has now also announced that it will include linear local network feeds in its "skinny bundle" offering. In other words, a package of programming virtually identical to the one offered by the local cable operator—including live, linear streaming channels—is going to be offered by another company, through their own proprietary set top boxes. How, exactly, is the Commission going to conveniently ignore that?

Maybe they'll argue that the ownership of the wires delivering the programming has some significance. But both sets of programs are going over the same wire, so that doesn't seem to establish a difference. I just don't know, but given what the Commission has been doing lately, even with the demise of the "linear hypocrisy," I have every faith that they will try.

*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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