

# Cablefax Daily™

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What the Industry Reads First

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## **CVC-Altice: NY PSC Gives Deal OK, Remembers Sandy & Cablevision History**

**Altice's** acquisition of **Cablevision** received the expected blessing of the **NY State Public Service Commission** in a unanimous vote during a hearing Wed, making it the last major regulatory body to evaluate the merger. "Altice is pleased to have obtained approval from the NY State Public Service Commission for the acquisition of Cablevision. This follows approvals received from the **Federal Communications Commission, the Department of Justice, the NJ Board of Public Utilities** and 67 local municipalities. We remain on track to closing the transaction as expected," Altice said in a statement. Now that this vote is out of the way, the close could come in the next few days. Wed's vote was similar to the **CA PUC** vote on the **Charter/Time Warner Cable-Bright House Nets** merger (CFX 5/13) in that the state's commissioners expressed appreciation for enforcement conditions attached to the deal, including those aimed at assuring the resulting high-debt profile of \$14.5bln doesn't impact quality of service or jobs. Cablevision's list of requirements include ensuring that service quality repair calls per customer are within the company's average from 2015 and resolving 90% of trouble tickets within 2 days. The order also prohibits laying off any customer-facing employees for 4 years and requires maintaining 14 out of 18 NY-based walk-in centers. Additional conditions include network build-out, increased Internet speeds, a low-income broadband product, participation in FCC's Lifeline Broadband Program and network modernizations to ensure greater resiliency during emergencies. Commissioner *Audrey Zibelman* couldn't help but point out the open Internet elephant in the room. "It's a little bit auspicious that we're doing this today, given the court of appeals' decision yesterday affirming broadband as a public utility... I think it's great we're issuing an order around broadband and furthering our state's commitment to have a true first-in-class broadband network throughout the state," she said, praising the conditions on service quality, Internet speed and pricing, particularly in terms of low-income services and addressing the digital divide, as well as customer service, resiliency and emergency management. Regarding the latter, Zibelman noted how important it was for cable companies to take part in emergency management during Hurricane Sandy. Commissioner *Gregg Sayre* said he was convinced the proposal is good for NY consumers and "is an improvement over the status quo," listing the enforceable commitments in a single (lengthy) sentence. Commissioner *Patricia Acampora* offered congrats, noting that "when this started out, we had very

## **We're looking for this year's Top Woman in Technology! Nominate her now.**

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few pluses in the plus column.” She praised the conditions, saying they benefit both consumers and workers and mentioned Sandy recovery as well, saying that “Cablevision was the only company that seemed to have a handle” on what to do. Still, a warning: “But I do caution Altice, know your customer base, and don’t take advantage of it. Because we’ll be watching.” Cablevision is such a NY institution—and that also was on display during the hearing. Commissioner *Diane Burman* got nostalgic, detailing her vivid memories of being “a Cablevision family” when first getting the service in the 1970s. “It was a present for the whole family, and I just remember the sheer joy and pride I had... we used to sit around in our garage converted into a family rec room.” The Cablevision box “actually kind of matched our wallpaper,” she said, “and we used to have a plastic sand timer to use to ensure that no one held on to the box too long as everyone wanted to have control over pressing the buttons and choosing the channels.” She went on to say that in college she was “completely transfixed” by Cablevision’s round-the-clock news coverage. “The conditions proposed address our concerns in a comprehensive, measured, flexible and effective manner. Like the wonderful memories of my childhood Cablevision days, I do look forward to these next days in the telecom world and we all will be watching.”

**On the Hill: The Senate Commerce Committee** OKed the Small Business Broadband Deployment Act Wed, which provides a 3-year exemption for ISPs with 250K or fewer subs from the transparency rules of the FCC’s net neutrality order. The move came a day after the DC Circuit upheld the order. The House passed its version of the bill unanimously in March. **ACA** was pleased, with pres/CEO *Matt Polka* saying it will allow smaller ISPs to “concentrate on their businesses and customers without having to cope with burdensome regulatory requirements.”

**Video Report:** Some 72% of all TV-style viewing occurred through authentication during 1Q, **FreeWheel, Comcast’s** advertising tech firm said in its latest Video Monetization Report. “After 13 straight quarters of growth, it is impossible to refute that TVE products have not only cemented their popularity with subscribers but also expanded the footprint of the New Living Room to ever new screens,” the report said. Viewers were spurred up the authentication learning curve by quadrennial sporting events and retained access behaviors as the amount of content available behind “the wall” increased, it said. After years of slowdown, “TVE is now the standard,” it said.

**DirecTV 4K:** AT&T’s **DirecTV** unit will continue its 4K sports coverage by airing the US Open in 4K. During all 4 rounds this week in Oakmont, holes 3, 13 and 17 will be part of a 4K UltraHD broadcast. The move followed DirecTV’s 4K broadcasts of The Masters, the AT&T Byron Nelson and several MLB games over the past several months.

**Comcast Ventures:** Comcast Ventures stepped up its investment in virtual reality content, announcing funding for **Felix & Paul Studios**, a cinematic VR studio based in Montreal. Joining Comcast Ventures in his Series A financing is LDV Partners, a cross-border venture fund focused on China, **Caisse de dépôt et placement du Quebec**, Canada’s institutional fund managers, and Phi Group, a Montreal-based multidisciplinary arts and cultural organization. The move followed Comcast’s investment in live VR broadcasting firm **NextVR** late last year.

**Google Fiber:** Google Fiber is eyeing Dallas for its next Google Fiber market. “We look forward to working with Dallas’s leaders as we explore bringing Fiber to their city. It’s still early days, but we’ll keep residents updated as we approach our decision,” wrote Jill Szuchmacher, Google Fiber’s dir of expansion in a blog post Tues. While building a fiber network through a dense and complex urban environment like Dallas is challenging, “these discussions will help us deploy our network efficiently and responsibly,” she said. Google has already expanded its fiber services to Austin and San Antonio. **AT&T** has already expanded its GigaPower services to Dallas.

**Adstream’s US Plan:** UK-based **Adstream**, which acquired the ad services division of US-based media and entertainment production company **Deluxe** in Feb, has completed the integration. It will launch integrated services as early as July, CEO *Gerry Sutton* told us. The acquisition means Adstream, which manages ad content across platforms, now has more than 1K US customers, he said. He sees the expansion of creative analytics as key to drive growth in the US market. “This will ensure all companies aggregate information about creative content and that they are driving consumer engagement based on creative effectiveness,” the exec said. Looking at cable ad trends, he said over the past year, “we have seen increasingly granular audience targeting options for cable TV, due to greater customer profiling by cable TV providers. Additionally,

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advertisers can buy these spots programmatically and, in some cases, follow viewers to their second-screen devices.” As a result, some advertisers would create hundreds of unique iterations of a single video, each tailored to a very specific audience segment. “We expect that cable TV providers will look to expand this offering, through greater profiling of their customer base and presence across second screen devices,” Sutton said.

**Comcast Business:** Comcast Business scored a deal with LifeWorks Northwest to provide Ethernet connection to 16 of its largest locations throughout Clackamas, Multnomah and Washington counties in Oregon. LifeWorks NW provides mental health, addition and prevention care services.

**People:** Ryan Pinette was elevated to svp, production and operations, Bravo & Oxygen Media. He will continue to report to David O’Connell, evp, production and operations, Lifestyle Networks. Previously vp of production and operations, Pinette joined Bravo as supervising producer in 2006. -- TV One tapped Tosha Whitten-Griggs as svp, public relations. She joined the net earlier this year and reports directly to network pres Brad Siegel. -- Susan Lundgren was promoted to svp, comm for CBS Interactive.

## Cablefax Daily Stockwatch

Company	06/15 Close	1-Day Ch	Company	06/15 Close	1-Day Ch			
<b>BROADCASTERS/DBS/MMDS</b>								
DISH:	52.64	0.20	HARMONIC:	2.74	0.04			
ENTRAVISION:	6.91	(0.07)	INTEL:	31.61	(0.53)			
GRAY TELEVISION:	11.60	0.19	INTERACTIVE CORP:	54.03	(1.08)			
MEDIA GENERAL:	18.07	0.22	LEVEL 3:	51.04	(0.12)			
NEXSTAR:	51.15	0.35	MICROSOFT:	49.69	(0.14)			
SINCLAIR:	31.14	0.28	NETFLIX:	94.29	0.17			
TEGNA:	22.45	0.12	NIELSEN:	54.13	(0.22)			
<b>MSOS</b>								
CABLE ONE:	494.82	(0.59)	SEACHANGE:	3.38	0.09			
CABLEVISION:	34.86	0.13	SONY:	28.00	0.33			
CHARTER:	221.19	(1.05)	SPRINT NEXTEL:	3.79	0.11			
COMCAST:	62.35	(0.29)	SYNACOR:	3.28	0.17			
GCI:	14.92	0.12	TIVO:	9.97	0.08			
LIBERTY BROADBAND:	58.46	0.02	UNIVERSAL ELEC:	69.18	0.19			
LIBERTY GLOBAL:	35.35	0.54	VONAGE:	5.41	0.07			
SHAW COMM:	18.76	(0.07)	YAHOO:	37.32	(0.08)			
SHENTEL:	34.66	(0.07)	<b>TELCOS</b>					
<b>PROGRAMMING</b>								
21ST CENTURY FOX:	28.96	0.09	AT&T:	40.29	(0.09)			
AMC NETWORKS:	60.00	(0.06)	CENTURYLINK:	27.23	0.55			
CBS:	53.20	0.38	FRONTIER :	4.86	0.03			
DISCOVERY:	25.54	(0.13)	TDS:	27.70	UNCH			
DISNEY:	98.27	(0.13)	VERIZON:	52.84	(0.15)			
GRUPO TELEVISA:	24.47	0.08	<b>MARKET INDICES</b>					
HSN:	49.19	0.44	DOW:	17640.17	(34.65)			
LIONSGATE:	21.73	0.47	NASDAQ:	4834.93	(8.62)			
MSG NETWORKS:	17.00	0.65	S&P 500:	2071.50	(3.82)			
SCRIPPS INT:	64.20	1.25						
STARZ:	25.99	0.04						
TIME WARNER:	72.88	0.12						
VIACOM:	47.01	1.07						
WWE:	17.81	0.21						
<b>TECHNOLOGY</b>								
ADVANTAGE:	1.82	0.05						
AMDOCS:	56.59	(0.03)						
AMPHENOL:	58.51	(0.05)						
APPLE:	97.14	(0.32)						
ARRIS GROUP:	22.84	0.09						
AVID TECH:	5.89	UNCH						
BLNDER TONGUE:	0.40	0.01						
CISCO:	28.65	(0.31)						
COMMSCOPE:	31.66	0.21						
CONCURRENT:	5.93	0.22						
CONVERGYS:	26.63	(0.21)						
CSG SYSTEMS:	41.30	(0.6)						
EHOSTAR:	39.07	0.70						
GOOGLE:	718.92	0.65						



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## Think about that for a minute...

### Take A Deep Breath

Commentary by Steve Effros

A former student of mine sent me an email on Tuesday after the DC Court of Appeals upheld the FCC's "net neutrality" rules essentially giving "deference" to the Commission's expertise on interpreting its own powers under the statute. He noted that I had pointed to this likely result 10 years ago!

At the time I wasn't talking about net neutrality, but the point was the same, and I have written about it repeatedly in this column; just about all of these cases of challenging the Commission revolve around the issue of whether the Courts should defer to the agency or whether it should look to the explicit words of the statute. As for this case, I long ago said it was "50/50," meaning it all depended on where the judges came down on the issue of deference. This time it was 2 to 1 in favor of just letting the Commission do its thing.

This is likely to just be "round 2." We lost the first policy round at the Commission when they decided to call broadband delivery a service regulated as a common carrier. Round 2 was this challenge in the lower court, and the final round is likely to be a Supreme Court challenge. Will they take it? That's a very interesting legal question, and I suspect it has very little to do with broadband or net neutrality. The issue is "deference." The Supreme Court has long told the lower courts to grant that deference, but we have a very different situation now.

It used to be that we had a functioning Congress. We don't any more. So statutes that are long out of date, especially regarding high technology, or pollution, or health care or just about anything else are not getting reviewed, updated, eliminated or whatever because of a non-functioning Congress. Thus we have lots of statutes that don't reflect today's realities. Federal departments and "independent" agen-



cies are thereby forced, or some would argue taking advantage of the situation and creating new law on their own. Congress is gridlocked and can't or won't do anything about it, and the courts, following old precedents, are giving the agencies deference to become, essentially, the lawmakers.

Does the Supreme Court really think this is the way creating the "law of the land" was intended to operate? That's a question some have suggested the Court has wanted to revisit for some time now. The fact that there are only 8 Justices (another piece of evidence that Congress is non-functioning) seemingly evenly ideologically split, does not necessarily mean they won't want to take a serious look at how we have become an administrative government. They could very easily decide to finally "force the issue" and put the onus back on Congress to do its job. I certainly hope so. We need a new telecommunications act.

In the meantime, no one should get terribly excited about net neutrality. Yes, the FCC will continue to add regulations on ISPs, but insist it can't do the same to edge providers even though this court seemed to say "ancillary jurisdiction" would allow them to. But those regulations are somewhat peripheral. Full blown rate regulation is unlikely, and even if they did try, don't forget the last time they regulated something like cable rates; they went up, not down. The FCC quickly abandoned that effort. So take a deep breath, go about your business. This may ultimately turn out to be a major case, but not about us.

*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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