

Cablefax Daily™

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What the Industry Reads First

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Hot Seat: Pay TV Scrutinized Over Billing Practices

During a 2-hour hearing on billing and customer service before the **Senate Permanent Subcmte on Investigations** Thurs, cable and satellite reps acknowledged that there is more work to do. But they also used the time to highlight what they've been doing to improve customer service—from **Comcast** allowing customers to return equipment for free via **UPS** to **Time Warner Cable's** launch of 1-hour service and install windows. While subcmte chmn *Rob Portman* (R-OH) gave the companies some credit, he said he doesn't think their actions go far enough. The subcmte released a report Thurs titled "Some Cable and Satellite Companies Do Not Refund Customer Overcharges." By some, it means Time Warner Cable and **Charter**. It dinged the two for not automatically refunding or crediting overcharged customers, estimating that TWC alone overbilled customers nationwide nearly \$640K from Jan to April of this year. The staff report said Charter hasn't yet completed the work to determine how much it has overbilled customers, but it informed the subcmte that it overbilled customers by at least \$442K/month. The billing problems primarily relate to a customer being charged for equipment they don't have. As a result of the probe, Charter, which now owns TWC, will provide customers with a 1-year credit for equipment overcharges. It is in the process of notifying customers now. Charter has put in new controls to search for discrepancies on a daily basis. Time Warner Cable is auditing records on a monthly basis, and providing overcharged customers with a 1-month credit. That will continue until Charter's daily audit system is put in place at TWC and **Bright House**, a process that could take 60-90 days. Portman said that was better than no retroactive refund, but he'd prefer the companies do more to make sure everyone who was ever overbilled had a thorough retroactive refund. "Since 2012, we have invested \$7bln in network improvements and added more than 7,000 jobs resulting in growing and longer customer relationships. An audit of our set-top boxes charges over the last nine months found them to be over 99% accurate. To move us closer to 100% accuracy and permanently resolve this issue, we have installed new controls to ensure discrepancies are caught and eliminated on a daily basis," Charter said Thurs. Ranking member *Claire McCaskill* (D-MO) has been a vocal critic of pay TV billing practices for years, encouraging constituents to send her their billing woes. At the hearing, she detailed her own story of discovering a \$7.99/month protection plan on her bill that she doesn't recall authorizing and being told it would cost \$10 to remove it. The lawmaker has posted a 15-min excerpt of her call on her website.

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McCaskill also released her own minority report on billing, fees and customer service (see “McCaskill Report” below). During questioning, she took issue with pay TV companies “hiding the ball” with promotional rates that lack transparency and retrans and RSN fees that are reported alongside taxes that make them appear to be a govt tax. Not every senator grilled the industry, with Sen *Rand Paul* (R-KY) remarking that “We are pointed to low customers satisfaction surveys. TV providers’ customer satisfaction still exceeds that of Congress.”

Pay TV’s Testimony: Reps from **Charter, Comcast, DISH, AT&T/DirecTV** and a former **TWC** exec testified before the subcmte Thurs. First up was Comcast customer service svp *Tom Karinshak* who said that Comcast and the industry as a whole hasn’t always made customer service the priority it should have been. “I am sorry about that history. At Comcast, we have committed to our customers that we will change it,” he said. Comcast is requiring additional training and new technology for all employees. And in response to the subcmte’s concerns, Comcast has reaffirmed to employees that they are to promptly disconnect a customer who is not interested in retention efforts or answering additional questions, Karinshak said. *Jon Keib*, former Time Warner Cable evp, COO of residential services, told of the MSO’s aggressive plan to improve customer service, highlighting improvements in the American Customer Satisfaction Report (ratings were up 8% YOY for Internet and TV customers and it ranked as the 4th best Internet provider vs 13th best a year ago). Charter customer ops evp *Kip Mayo* talked about the toll the company’s bankruptcy took on its infrastructure and how CEO *Tom Rutledge* brought a new operating philosophy when he took control in 2012. “We have made positive changes for our customers, but we recognize that it is going to be a long process to change perceptions around our company because of what took place before new management took over,” she said, highlighting efforts such as in-house customer care and streamlined billing. **DISH** svp ops *Kathleen Schneider* said the 2 customer complaints the company receives the most are ones it can’t fix on its own: the high price of programming and the inability for customers to select which channels they receive. Acknowledging room for improvement, **AT&T/DirecTV** svp, product mgmt *Rasesh Pateel* said the company plans to spend more than \$1bln to enhance the customer experience from 2016 to 2017, including by simplifying its systems and streamlining frontline tools.

McCaskill’s Report: Sen *Claire McCaskill* (D-MO) opened Thurs’ hearing by complaining that she’d received no cooperation from these pay TV companies in 2014 when she tried to hold a similar gathering before the Consumer Protection subcmte. She released her own report detailing issues she’s found in the industry. **Initial pricing:** A common complaint is that providers don’t adequately disclose the price of their services. **Expiring promotions:** It noted that the non-promotional rate is often only included in the fine print. **Additional fees and charges:** Additional fees can increase a monthly bill and aren’t prominently displayed in advertisements. Plus, companies are creating new fees such as broadcast TV fees and RSN fees that historically weren’t included in bills.

5G: During its July 16 Open Meeting, the **FCC** will consider a Report and Order and FNPRM that would make spectrum in bands above 24 GHz available for flexible use wireless services, including for next-generation, or 5G, networks and technologies. FCC chmn *Tom Wheeler* announced earlier this week that he was circulating the proposal.

IoT Moves: **Comcast** is closing in on home security and IoT. The distributor announced Thurs that it’s acquired home automation and Internet of Things company **Icontrol Networks**, specifically its “Converge” software platform and the company’s wholesale business. “Bringing them in house means we’ll have more control of the timeline” for creating innovative products, said Xfinity Home svp & gm *Daniel Herscovici*, and Comcast will also sell the platform wholesale to other MSOs. And then there’s the new blood: Icontrol’s Austin-based tech talent and future Comcast engineers that the company hopes will come flocking to a new center of excellence in Austin. More on **Cablefax.com**.

House Sit-In: The House Dems’ sit-in that was captured through **Facebook** Live and **Periscope** after **C-SPAN** cameras went dark ended Thurs with no bill or a vote on a gun control legislation. House Republicans adjourned the chamber Thurs morning until July 5, shutting down Democrats’ 24+ hour sit-in. Periscope, the **Twitter** company, tweeted this following the end of the sit-in: “Thanks to everyone who tuned in to watch the sit-in protest in Congress! We’re honored to have been a part of it. #NoBillNoBreak.”

Broadband Privacy: The **FCC’s Wireline Bureau** extended the deadline to July 6 for reply comments in its broadband privacy NPRM due to “the voluminous record in this proceeding.” The original deadline was June 27. Since the

BUSINESS & FINANCE

docket was created in March, there has been a total of 225,629 filings.

Google Fiber Buys Webpass: To further expand its fiber footprint, **Google Fiber** agreed to acquire San Francisco-based ISP **Webpass**. The deal is expected to close this summer, subject to regulatory approvals. Following the transaction, Webpass is expected to remain focused on the deployment of HSI connections for residential and commercial buildings, primarily using point to point wireless technology.

Beta Research: Potential cord-cutters said they are most interested in **Cooking Channel** among digital basic/mid-sized/emerging nets, according to the **Beta Research** Cable Network Interest Study, which was conducted in March/April among 2,397 pay-TV subs and a sub-sample of 449 non-subs to cable TV (cord-cutters). Around 72% of potential cord-cutters said they are interested in the net, followed by **Discovery Life Channel** at 71%, **DIY** (69%), **Sony Movie Channel** (68%), and **Science** (67%). **ID, Crime & Investigation Network** and **FX Movie** tied at 65%. Overall, the study found that 32% of cable subs were extremely or very interested in dropping cable and watching only the programming available on their tablet/computer such as **Netflix**.

People: **RLTV** named *Roy Ennis* gm of the net. The 7-year vet was previously svp of finance. Prior to RLTV, Ennis was svp of production finance & operations for **Nat Geo TV**.

Cablefax Daily Stockwatch

Company	06/23 Close	1-Day Ch	Company	06/23 Close	1-Day Ch			
BROADCASTERS/DBS/MMDS								
DISH:	53.50	0.85	INTEL:	32.99	0.70			
ENTRAVISION:	6.67	0.17	INTERACTIVE CORP:	56.79	0.52			
GRAY TELEVISION:	11.41	0.32	LEVEL 3:	52.45	0.78			
MEDIA GENERAL:	17.47	0.33	MICROSOFT:	51.91	0.92			
NEXSTAR:	49.60	1.91	NETFLIX:	91.66	1.65			
SINCLAIR:	30.49	0.57	NIELSEN:	53.69	0.22			
TEGNA:	22.91	0.44	SEACHANGE:	3.53	0.12			
MSOS								
CABLE ONE:	509.01	6.47	SONY:	29.01	0.40			
CHARTER:	224.87	2.48	SPRINT NEXTEL:	4.39	0.01			
COMCAST:	62.95	0.31	SYNACOR:	3.21	(0.07)			
GCI:	15.85	0.56	TIVO:	10.15	0.13			
LIBERTY BROADBAND:	60.01	0.81	UNIVERSAL ELEC:	71.07	0.54			
LIBERTY GLOBAL:	33.14	0.96	VONAGE:	5.84	0.24			
SHAW COMM:	19.71	0.21	YAHOO:	37.78	0.42			
SHENTEL:	36.56	1.07	TELCOS					
PROGRAMMING								
21ST CENTURY FOX:	29.20	0.28	AT&T:	41.88	0.58			
AMC NETWORKS:	59.21	0.72	CENTURYLINK:	28.51	0.59			
CBS:	53.68	0.03	FRONTIER:	5.10	0.01			
DISCOVERY:	26.37	0.38	TDS:	29.25	0.78			
DISNEY:	99.02	0.23	VERIZON:	54.67	0.64			
GRUPO TELEVISIA:	26.59	0.46	MARKET INDICES					
HSN:	49.63	0.37	DOW:	18011.07	230.24			
LIONSGATE:	21.76	1.21	NASDAQ:	4910.04	76.72			
MSG NETWORKS:	16.77	0.37	S&P 500:	2113.32	27.87			
SCRIPPS INT:	62.19	(1.23)	TECHNOLOGY					
STARZ:	29.33	1.53	ADVANTAGE:	1.79	(0.01)			
TIME WARNER:	73.04	0.60	AMDOCS:	56.53	0.15			
VIACOM:	48.15	(0.71)	AMPHENOL:	59.54	1.33			
WWE:	19.08	0.57	APPLE:	96.10	0.55			
MARKET INDICES								
DOW:	18011.07	230.24	ARRIS GROUP:	22.82	0.26			
NASDAQ:	4910.04	76.72	AVID TECH:	6.30	0.35			
S&P 500:	2113.32	27.87	BLNDER TONGUE:	0.46	0.02			
TECHNOLOGY								
ADVANTAGE:	1.79	(0.01)	CISCO:	29.22	0.50			
AMDOCS:	56.53	0.15	COMMSCOPE:	32.13	0.13			
AMPHENOL:	59.54	1.33	CONCURRENT:	5.37	(0.07)			
APPLE:	96.10	0.55	CONVERGYS:	26.19	0.64			
ARRIS GROUP:	22.82	0.26	CSG SYSTEMS:	41.15	0.35			
AVID TECH:	6.30	0.35	ECHOSTAR:	39.89	0.78			
BLNDER TONGUE:	0.46	0.02	GOOGLE:	701.87	4.41			
CISCO:	29.22	0.50	HARMONIC:	3.09	0.14			
COMMSCOPE:	32.13	0.13						
CONCURRENT:	5.37	(0.07)						
CONVERGYS:	26.19	0.64						
CSG SYSTEMS:	41.15	0.35						
ECHOSTAR:	39.89	0.78						
GOOGLE:	701.87	4.41						
HARMONIC:	3.09	0.14						



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PROGRAMMER'S PAGE

Road Adventure

Just in time for summer comes a road trip flick. "Savannah Sunrise," INSP Films' 2nd release will make its TV debut on INSP, June 26 at 8pm. It had a brief run in a small number of theaters before heading to the cable net. "We're basically concentrating right now on ways that INSP can get into other avenues of revenue. Original programming is important for all networks, and the way we constructed this, under INSP Films, we'll create content that can then be distributed to various platforms, digital platforms, syndication..." said INSP programming svp *Doug Butts*. For now, he said the theatrical side is being kept very small because it's quite costly, but "we hope to eventually have a couple titles that will have a more robust theatrical release." Savannah Sunrise is story of a successful Type A woman (*Shawnee Smith*) who must suddenly take her more free-spirited mother-in-law (Pamela Reed) on a road trip to her new retirement community in Savannah, GA. But like most mother-in-laws, Reed's character is pretty opinionated. While on the road, the two bond in ways years of holiday dinners could never replicate. Plus, there's some funny moments with gators... The flick fits well in the INSP wheelhouse. "We're a family entertainment network. We want our stories to be stories of hope and redemption, but also entertain you and make you think," Butts said. Savannah Sunrise should appeal to INSP's primary audience of baby boomers, but Smith's portrayal of a mom juggling it all combined with the thread of humor throughout should resonate with a younger crowd. Next up from INSP Films is "Heritage Falls," another dramatic comedy, but this time with male characters central. It tells the story of a family patriarch, who is the most celebrated high school basketball coach in Georgia, and his adult son as they attempt to make amends. — *Amy Maclean*

Reviews: "Explorer: Defending Virunga's Treasures," Sun, 8pm, **Nat Geo**. This terrific show begins as a straight-ahead story about conservation in Africa's oldest national park, a huge swath in the Congo that's home to the endangered mountain gorillas. It then spins into a complicated, highly political tale that includes historic claims, economics, survival, colonialism and modern-day warfare. A fascinating moment comes when explorer *Justin Hall* ventures into guerilla territory to spend a night with the Mai Mai militia. Although they claim to be patriots, many contend the Mai Mai are warlords. "Explorer" definitely is true to its name, as it brings viewers to places rarely seen on television. -- "Murder in the First," Season 3 premiere, Sun, 10pm, **TNT**. Season 3 of this *Stephen Bochco-Eric Lodal* series changes course, to a degree. It still spends the season solving one crime. But its side plots provide relief of a sort. One involves tough detective *Hildy (Kathleen Robertson)*, the other touches the district attorney, whose expired driver's license is the least of his worries. -- "Roadies," series premiere, Sun, 10pm, **Showtime**. It's hard to write a very good show or movie about music or the music business. While "Roadies" boasts a stellar cast (*Imogen Poots, Luke Wilson and Carla Gugino*) and *Cameron Crowe*, many of its notes are predictable. Several are sour. — *Seth Arenstein*

Basic Cable Rankings (6/13/16-6/19/16) Mon-Sun Prime			
1	FOXN	0.9	2092
2	HGTV	0.7	1560
3	TBSC	0.6	1361
3	UDN	0.6	787
5	DSNY	0.5	1277
5	USA	0.5	1275
5	TNT	0.5	1210
5	DISC	0.5	1179
5	HIST	0.5	1168
5	ESPN	0.5	1099
11	MSNB	0.4	972
11	FOOD	0.4	943
11	CNN	0.4	941
11	ADSM	0.4	906
11	FX	0.4	887
11	ID	0.4	865
11	HALL	0.4	818
11	DSE	0.4	96
19	FRFM	0.3	769
19	AMC	0.3	769
19	NAN	0.3	746
19	TLC	0.3	719
19	FS1	0.3	706
19	BRAV	0.3	696
19	A&E	0.3	627
19	LIFE	0.3	608
19	APL	0.3	594
19	SPK	0.3	578
19	DSJR	0.3	568
19	NKJR	0.3	544
19	HMM	0.3	541
32	SYFY	0.2	566
32	TVLD	0.2	525
32	NGC	0.2	507
32	LMN	0.2	491
32	GSN	0.2	490
32	WETV	0.2	485
32	CMDY	0.2	465
32	EN	0.2	444
32	INSP	0.2	441
32	TRAV	0.2	426
32	MTV	0.2	386
32	OWN	0.2	383
32	ESP2	0.2	363

*Nielsen data, supplied by ABC/Disney, is based on coverage area of individual networks



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