

# Cablefax Daily™

Thursday — August 4, 2016

What the Industry Reads First

Volume 27 / No. 149

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## DISH's Spats: Raycom Threatens Blackout; Tribune Still Dark; NFL Net Back

Never one to shy away from programming disputes, **DISH** feels busier than normal as of late. **Tribune** stations and **WGN America** have been dark on DISH since June 12, and now another large broadcaster, **Raycom**, is threatening to go dark if a new retrans consent deal isn't reached sometime Wed (Aug 3)—just before Fri's Opening Ceremonies of the Rio Olympics. Calls to Raycom were not returned by our deadline Wed, but some of its stations were running messaging warning DISH customers they could lose programming. "Only Raycom Media can force a blackout of its channels. DISH is actively working to reach a deal before the contract expires," the DBS operator said, plugging in Raycom's name to its boilerplate statement on being unsure why customers are being involved in the contract negotiation process when there's still time to reach a deal. If the stations do go dark, it won't be the first bad blood between the 2. In 2013, DISH lost access to 53 stations owned by Raycom in 36 markets for 8 days. Raycom is one of the US' largest privately owned broadcasters, owning and/or providing services for 62 stations in 42 markets and 20 states. It has multiple **NBC** affils, including stations in Montgomery, AL, and Hattiesburg, MS. DISH's fight with Tribune resulted in the satellite operator suing over its "DISH Dump" campaign. A scheduling conference is currently slated for Aug 17 in US District Court for CO, according to court documents. In some good news for DISH customers, **NFL Net** and **NFL RedZone** have returned to the satcaster's lineup. Both services will be added to **Sling TV** in time for the NFL regular season this fall. The deal was reached about 6 weeks after DISH dropped the channels. The drop was the 1st for NFL Net in its 13-year history. On a smaller scale, **DirectTV** continues to have **Forum Communications** and **Sunbeam** stations dark on its lineup. Of the 5 stations currently dark, one is an **NBC** affil—**WHDH** in Boston. Here's the silver lining: we're told NBC Olympics coverage can be streamed live on **NBCOlympics.com** or via the **NBC Sports Live Extra** app—as long as a customer has **CNBC** or **MSNBC** in their lineup.

**Tennis Channel Getting Broader Comcast Carriage:** It's been years in the making, but a newly signed retrans deal between **Sinclair** and **Comcast** finally gets **Tennis Channel** broader carriage. Talking about the Comcast deal in Wed's earnings call, **Sinclair** COO *David Amy* said the broadcaster was "able to obtain expanded coverage of Tennis Channel, some of which will occur at the end of this year and some in the future." No word yet

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President **Tony Werner.**



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on what that means exactly, but presumably the net's new owner got it off a sports tier. The companies said the contract prevents them from discussing details. Additionally, Sinclair said Tennis gained approx 1mln subs through a deal with **Charter** that takes effect this month. Tennis Channel's sports tier placement on Comcast was the subject of a 2010 **FCC** carriage complaint, with years of litigation and regulatory filings following. Most recently, the DC Circuit rejected Tennis' petition seeking to force the FCC to review its petition again (**CFX**, 7/6). Sinclair acquired Tennis earlier this year for \$350mln.

**TWX + Hulu:** **Time Warner** shares closed up nearly 2.7% Wed after the programmer announced a 10% stake in **Hulu**, paying \$583mln cash and announced 2Q results. With all of Turner's nets available live and on demand on Hulu's new OTT live streaming service, "this removes any doubt... that Turner will be included in skinny bundle products," **Moffett Nathanson** analysts said, reiterating their "buy" rating on the stock. "We still believe TWX deserves a higher multiple than current trading levels due to its large base of recurring revenues at Turner, the least exposure to the industry advertising weakness and upside at **HBO** with HBO Now and upcoming MVPD negotiations." Speaking of those negotiations, **Evercore ISI** analysts believe the long-anticipated step-ups will begin benefitting the company this year and next and should help offset the ~50% step-up in **NBA** rights expenses effective for the 2016-17 basketball season. They believe 45% of subs are affected in each year due to expiring carriage deals. For 2Q, TWX's net income fell 2% YOY to \$952mln, while total revenue dropped 5% to \$7bln, largely due to weakness with **Warner Bros** films. The company raised guidance for the full year to \$5.35-\$5.45/share from \$5.30-\$5.40.

**Charter-Frontier Drop Suits:** That ended quickly. A little more than a month after **Frontier** sued **Charter** for false advertising and the cable operator filed a counterclaim, the two asked the court to dismiss the claims. Neither provided any details on why. Frontier filed suit June 20, claiming Charter made false claims about data speeds and extra charges for HD. Charter filed a counterclaim accusing Frontier of falsely declaring that its advertised speeds were fraudulent. On July 19, the companies filed to dismiss the cases with prejudice and without any costs or attorneys' fees to any party.

**More on Glosi:** While **Cox** is gearing up for a test in the coming weeks of Hispanic-focused video streaming service **Glosi**, it's not clear whether this will go much further than that at this time (**CFX**, 8/3). The MSO will test the service over the next 3 months, focusing marketing on a few geographic areas and segments. Then—as in other cases with Cox's New Business group—it will evaluate the results and determine whether to move forward or how to tweak it.

**Alaskan Frontier:** **GCI's** 2Q revenues declined 6% YOY to \$234mln, due partially to business revenues being offset by anticipated YOY declines in wireless roaming and backhaul agreements. Adjusted EBITDA in the second quarter was \$79mln, down \$9mln or 10% when compared with 2Q15 and up \$1mln (1%) over 1Q16, with a new billing system and the same roaming/backhaul agreements cited for the decline. Interestingly, the operator announced that it will reduce 2017 cap ex by 20-25% because Alaska has been unable to "adopt a workable long term fiscal plan in 2016." This implies 2017 cap ex of \$158mln-\$168mln. Also of note, GCI intends to acquire **Kenai Cable Company**, the owner of the **Kodiak Kenai Fiber Link**, for \$20mln. The low-latency redundant fiber link connects Anchorage, the Kenai Peninsula and Kodiak.

**Obituary:** **Bob Rosencrans**—a key player behind **C-SPAN**, **BET**, **USA** and so much more—passed away this week. He was 89. His cable industry legacy includes serving as **UA-Columbia Cable's** president. "Robert Rosencrans played a key role in three of the most important events in cable television during its first 50 years: the development of satellite distribution of cable programming, the founding of C-SPAN and the creation of the first ad-supported national cable programming network. He was a true cable pioneer and maverick in every aspect of his career and will be greatly missed by everyone in the industry," said **Jana L. Henthorn**, **The Cable Center** pres/CEO. He was inducted into the Cable Hall of Fame in 2000. Rosencrans and business partner **Ken Gunter** became the first cable operators to support **Brian Lamb's** idea for C-SPAN. Not only did Rosencrans write a \$25K check for seed money, but he pushed other cable figures to make similar commitments. Rosencrans was similarly instrumental in the launch of other nets, with The Cable Center reporting that he provided space to inaugurate **BET Network** and joined with Madison Square Garden to create the **Madison Square Garden Network** (later renamed **USA Network**)—the first proprietary satellite basic cable

# BUSINESS & FINANCE

network. In 1968, Rosencrans was among the 1st to take a cable company public. UA-Columbia installed the 1st station in the cable industry to receive satellite-delivered programming from **HBO**. HBO's satellite system debuted to Columbia subs in FL, who were able to watch the *Muhammad Ali-Joe Frazier* "Thrilla from Manilla" boxing match live. Rosencrans was C-SPAN's 1st board chmn, and he continued to serve on the board until his death, most recently as chairman emeritus. "I've never met a person who didn't respect Bob Rosencrans. He was not only interested in being a successful business person, but he was very interested in civic responsibility; he was conscious of the need to help others," C-SPAN exec chmn Lamb said. A private service for family is planned this week, with plans for a memorial at a later date this fall.

**Buy a Slushie, Pay Comcast:** Comcast is making it easier for customers who prefer to pay their bills with cash by letting them do so at more than 7700 7-eleven stores. It's much easier for many to find a convenience store than one of the 500 XFINITY stores, plus they're open 24/7. The set-up is made possible through a partnership with **PayNearMe**. Small operator **Shentel** launched a similar service last year, allowing customers to pay for service at **Family Dollar** stores through a deal with **Cashtie (CFX, 8/21)**.

## Cablefax Daily Stockwatch

Company	08/03 Close	1-Day Ch	Company	08/03 Close	1-Day Ch			
<b>BROADCASTERS/DBS/MMDS</b>								
DISH:	51.32	2.13	INTEL:	34.25	(0.31)			
ENTRAVISION:	7.37	0.07	INTERACTIVE CORP:	58.96	0.75			
GRAY TELEVISION:	10.00	0.71	LEVEL 3:	49.27	0.45			
MEDIA GENERAL:	17.37	0.12	MICROSOFT:	56.97	0.39			
NEXSTAR:	50.57	1.25	NETFLIX:	93.10	(0.46)			
SINCLAIR:	29.09	1.66	NIELSEN:	53.35	0.15			
TEGNA:	21.12	0.21	SEACHANGE:	3.25	0.05			
<b>MSOS</b>								
CABLE ONE:	524.44	12.29	SONY:	32.35	(0.15)			
CHARTER:	237.11	1.32	SPRINT NEXTEL:	6.09	0.13			
COMCAST:	66.84	(0.06)	SYNACOR:	3.03	0.07			
GCI:	14.05	(0.58)	TIVO:	10.55	0.03			
LIBERTY BROADBAND:	62.56	0.18	UNIVERSAL ELEC:	76.53	(0.08)			
LIBERTY GLOBAL:	32.48	1.05	VONAGE:	6.10	(0.16)			
SHAW COMM:	20.07	0.13	YAHOO:	38.39	(0.18)			
SHENTEL:	39.63	0.04	<b>TELCOS</b>					
<b>PROGRAMMING</b>								
21ST CENTURY FOX:	27.04	0.34	AT&T:	43.14	(0.02)			
AMC NETWORKS:	56.33	1.58	CENTURYLINK:	30.51	(0.08)			
CBS:	52.09	0.18	FRONTIER:	4.82	(0.03)			
DISCOVERY:	26.83	0.41	TDS:	30.81	0.30			
DISNEY:	96.09	1.08	VERIZON:	53.90	(0.1)			
GRUPO TELEVISA:	26.16	UNCH	<b>MARKET INDICES</b>					
HSN:	52.33	1.37	DOW:	18355.00	41.23			
LIONSGATE:	18.90	(0.3)	NASDAQ:	5159.74	22.00			
MSG NETWORKS:	15.63	0.43	S&P 500:	2163.79	6.76			
SCRIPPS INT:	67.20	0.68						
STARZ:	29.78	(0.15)						
TIME WARNER:	77.83	2.05						
VIACOM:	48.64	0.72						
WWE:	19.55	0.35						
<b>TECHNOLOGY</b>								
ADVANTAGE:	2.00	0.08						
AMDOCS:	59.42	0.24						
AMPHENOL:	59.03	0.31						
APPLE:	105.79	1.31						
ARRIS GROUP:	26.97	0.10						
AVID TECH:	6.67	0.08						
BLNDER TONGUE:	0.57	0.04						
CISCO:	30.72	0.10						
COMMSCOPE:	29.03	0.37						
CONCURRENT:	5.15	(0.02)						
CONVERGYS:	26.81	0.19						
CSG SYSTEMS:	40.40	0.25						
EHOSTAR:	37.93	0.47						
GOOGLE:	773.18	2.11						
HARMONIC:	3.12	0.09						



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## Think about that for a minute...

### Deja View

Commentary by Steve Effros

My apologies to the Francophones among us; it just fit as the title for this early August musing. I know I've written about this many times, but as the title implies, we seem to be stuck in a very long version of the movie "Groundhog Day" where Bill Murray's character repeatedly experiences the same things until finally there is a breakthrough. I'm still waiting.

My columns on this started back in the 1970s, when I noted the unfortunate number of our customers who would characterize what they had subscribed to as "HBO." Yes, it was true, they were getting HBO as part of their cable package, but they weren't really simply subscribing to HBO. They just described it that way because at the time HBO was the best and most active marketer of the new video program brands, and cable operators were taking advantage of the programmer's advertising war chest.

But that had what I considered, even back then, a potentially negative effect for cable: folks didn't know or care about what the cable operator did, or the challenges we overcame to actually deliver all that new programming to viewers, they just cared about the programming. In a way, that's still true today. Folks describe the video service they get based on the programs. Netflix or Amazon Instant Video or Hulu are now experiencing the same reality; "I'm getting 'Game of Thrones,' or 'House of Cards' or 'Mozart in the Jungle.'" The viewer relates to the program, not the aggregator.

This is going to get even more common as we move along into the IP distribution phase of our growth. Note I say IP distribution, not "OTT," because I still think "OTT" is somewhat meaningless and descriptively confusing. And that's the problem. In the process of reporting on, regulating and selling new delivery services, whether



they are cable or satellite or IP delivery of "telco video," we have completely mixed up all of our comparisons and definitions. Why do we still have headlines about "cable" losing customers but "telco" gaining them, for instance? The infrastructure that the telcos have built to now successfully, in some instances, deliver video is the exact same infrastructure the cable folks have been building for years. There is no real distinction between the "cable" and "telco" plant. Yes, Verizon made a great deal of PR and advertising hay about a fiber to the home system design, but it's still just another type of cable. Then Google came along and did the same thing, and for some reason that was characterized again as something different. It's not. They are both "cable" operators. They both deliver video via cable.

That, I guess, is the point. The thing our customers do, whether on "cable" or "telco video" or supercalifragilistic Google Gigawhatever is... wait for it... they watch "video" ... the new shorthand for "television." Here's the dictionary definition of "television": "a system for transmitting visual images and sound that are reproduced on screens, chiefly used to broadcast programs for entertainment, information, and education." Note that it is not restricted to "over-the-air" or any other technology. It's the transmission of visual images and sound to a screen.

That's what we all do. It's time to stop making artificial distinctions between the various owners of these delivery mechanisms or confusing everyone with descriptions that refer to a given program, programmer or type of screen. We all deliver. The competition is who can provide the best service, with the most reliable systems and ease of use. It's all "TV"!

*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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