

Cablefax Daily™

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What the Industry Reads First

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Big Apple: NY Tells FCC to Look to Its Broadband Program

The state of NY has some advice for the **FCC**. Take a close look at the **NY Broadband Program**, which recently announced funding awards that will connect 34K homes to HSD for the 1st time. "... [T]he state has an established an auction structure that the Commission should leverage for the distribution of Connect America Fund funding," said a recent ex parte describing a conversation between a member of the state's economic development agency, **Empire State Development**, and FCC chmn *Tom Wheeler's* senior legal adviser. The state has encouraged the FCC to move quickly to allow broadband providers in affected states to step in for carriers that previously have declined CAF funding. "This approach would encourage states to commit their own funds for broadband deployment, minimizing additional burdens on the federal Universal Service Fund and increasing the likelihood of bringing broadband to affected states," the Empire State Development said. This month, the NY Broadband Program revealed its Round 1 awards, which once complete, should ensure that 87% of New Yorkers have broadband access. The state's goal is to hit 100% by the end of 2018. Award recipients were selected through a reverse auction process, giving priority to bidders with the lowest amount of state investment per household served. Round 1 grants represent \$75.8mln of total investment for broadband deployment projects, with \$54.2mln being funded by the state and \$21.6mln by private investment. The 25 projects cover unserved and underserved areas in 27 counties, including sparsely populated areas in the Catskills and Adirondacks. Round 1 award recipients include **Armstrong Telecom** (\$3.93mln), **Frontier Comm** (\$3.34mln) and **TDS Telecom** (\$9.4mln). The Phase 2 process is currently underway with the program accepting challenges to the inclusion of eligible census blocks through Fri. Applications for Phase 2, which includes a portion of the areas **Verizon** would have served through the Connect America Fund, will be accepted Oct 17-Nov 30. Phase 3 launches early next year.

Auction Block: The **FCC's** spectrum auction still has a long way to go before it clears the needed \$88.37bln in net proceeds, but it did hit a milestone on Wed. Auction proceeds at the end of Round 15 totaled \$16.39bln. That's significant because before the auction closes, it must meet 2 stages: 1.) hit the \$88.37bln figure and 2.) satisfy the

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approximate fair market value for the spectrum, which is set at \$15.89bln. It's that 2nd prong of the auction that was met Wed. Think of it as what is typically referred to as the reserve price. It's nice to check that box, but the fat lady isn't even warming up backstage yet.

Communications and Video Accessibility Act: The FCC's Consumer and Governmental Affairs Bureau is seeking comment on tentative findings for the Biennial Report to Congress on the 21st Century Communications and Video Accessibility Act of 2010. Those tentative conclusions, based on filings in the record, include that little, if any, progress has been made with respect to the number of non-smartphone devices used for telecommunications that are accessible to individuals who are blind or visually impaired; that the industry has made "notable efforts" to ensure the availability of information and documentation related to covered products and services, as well as training of personnel on the accessibility of their products and services; and that accessibility barriers still exist with respect to certain new communications technologies. The report must be submitted to Congress by Oct 8. Comments on the tentative findings are due Sept 7.

Quotable: "It makes sense for them and it makes sense for us. And then I could finally say *Rupert Murdoch* doesn't f—ing own **Vice**," Vice CEO *Shane Smith* talking to *The Hollywood Reporter* about rumblings that **Disney** could ultimately acquire the media company outright. For the record, Disney has an 18% stake, while 21st Century Fox has a 5% stake in Vice.

NBC for Sling: Sling Blue (the multi-stream service offering that doesn't include **ESPN** and costs \$25/month as a standalone offering) has added **NBC's** on demand channel nationwide. It's good news for the customers living outside the 10 NBC local markets currently offered on Sling as they'll have access to full NBC series. As a reminder, Sling's single-stream service that includes ESPN is \$20/month. Sling is offering a \$5 discount to customers who take both Orange and Blue.

4K Decision: It's sort of the Betamax vs VHS of our day, with TV manufacturers having to choose between **Dolby Vision** and **HDR10** for HDR enhancements in 4K TV sets. While HDR10 is an open standard that allows firmware updates, a number of content creators—including **HBO**, **Paramount** and **Universal**—are supporting Dolby Vision, reports **ABI Research**. "Dolby Vision currently supports higher light output levels than HDR10 and is better suited to adjust to different manufacturers' displays. But its downside is that, unlike HDR10, the standard requires built-in hardware, more costly IP licensing, and involves a certification process for licensing." ABI analyst *Khin Sandi Lynn* said in a release. More in ABI Research's 4K and HEVC Device and Service Uptake report.

Disney in the Cloud: Verizon FiOS is the 1st MPVD to join the **Disney Movies Anywhere** cloud-based digital movie service platform. What's that mean? FiOS customers can connect their digital movie collections across the Disney Movies Anywhere ecosystem and watch them from FiOS connected TVs and from various devices or purchase movies directly from FiOS. Past Disney titles purchased through FiOS will appear in their Disney Movies Anywhere account.

Gigabit Rollout: Suddenlink launched its 1-Gig service in Alexandria and Pineville, LA, making it available to residential and business customers. Since July 2015, Suddenlink has rolled out gigabit speeds in more than 17 communities, including Flagstaff, AZ, and Greenville, MS.

Research: The average household has 7 active devices in use each day and laptop and desktop PCs now account for less than 25% of total network traffic, according to the latest Global Internet Phenomena Report Spotlight released by **Sandvine**. Tablets and smartphones account for almost 30% of North American fixed access traffic, compared to just 9% five years ago. The data is based on a small selection of Sandvine's CSP customers in North America.

Internet Essentials: Comcast released its Internet Essentials Five-Year Progress Report, which shows the broadband program for low-income households has connected 3mln Americans to high-speed Internet at home. Senior evp and chief diversity officer *David Cohen* and the program's national spokesperson, 6-time Olympic medalist *Jackie Joyner-Kersey*, highlighted the progress and kicked off a multi-city tour for the back-to-school season. More details at **Cablefax.com**.

BUSINESS & FINANCE

Programming: WE tv greenlit docu-series “Hustle & Soul,” with 6 hour-long eps to premiere in early 2017. The docu-series follows Brooklyn’s Pink Tea Cup restaurant in its journey to become the 1st soul food restaurant with a Michelin star. --

CMT set Jan 5 as the premiere date for Season 5 of “Nashville,” which it saved after ABC’s cancellation. In the meantime, viewers can get caught up on **AXS TV**. Season 4 makes its debut on the net at 9pm ET on Oct 1. At 3:30pm, there’s a special Nashville edition of “The Big Interview” with *Dan Rather*, followed by the last 3 eps of Season 3. -- **Starz** renewed comedy series “Survivor’s Remorse” for a 4th season. -- **Comedy Central** greenlit a linear series starring, created and executive produced by comedian *James Davis*. Set to premiere in Jan, Davis currently hosts the net’s most-watched Snapchat original series “Swag-A-Saurus with James Davis.” -- “Hellevator” will return for its sophomore season on Oct 7 at 9pm on **GSN**. Inspired by true crime stories, teams of 4 must defeat multiple levels of terror to win up to \$50K.

People: Former **Canoe** and **Bright House** exec *Arthur Orduna* is leaving **ADT** to join **Avis Budget** group as chief innovation officer, effective Mon. -- **Telemundo** promoted *Angel Domenech* to vp of creative strategy where he will oversee the creative consistency across on-air, off-air and multiplatform creative.

Cablefax Daily Stockwatch

Company	08/24 Close	1-Day Ch	Company	08/24 Close	1-Day Ch			
BROADCASTERS/DBS/MMDS								
DISH:	49.59	(0.39)	INTEL:	35.15	(0.25)			
ENTRAVISION:	7.50	(0.25)	INTERACTIVE CORP:	57.10	(0.4)			
GRAY TELEVISION:	11.15	(0.24)	LEVEL 3:	49.67	0.41			
MEDIA GENERAL:	17.78	(0.06)	MICROSOFT:	57.95	0.06			
NEXSTAR:	52.81	(0.97)	NETFLIX:	95.18	(0.76)			
SINCLAIR:	28.80	0.18	NIELSEN:	52.49	(0.41)			
TEGNA:	21.49	0.04	SEACHANGE:	2.81	(0.21)			
MSOS								
CABLE ONE:	539.78	(2.22)	SONY:	33.26	0.14			
CHARTER:	251.74	(0.5)	SPRINT NEXTEL:	6.09	(0.03)			
COMCAST:	65.69	0.03	SYNACOR:	2.77	(0.02)			
GCI:	12.82	0.23	TIVO:	10.87	(0.09)			
LIBERTY BROADBAND:	66.73	(0.56)	UNIVERSAL ELEC:	76.00	(0.86)			
LIBERTY GLOBAL:	31.62	(0.64)	VONAGE:	5.97	(0.18)			
SHAW COMM:	20.34	(0.15)	YAHOO:	41.91	(0.69)			
SHENTEL:	25.77	(0.12)	TELCOS					
PROGRAMMING								
21ST CENTURY FOX:	24.80	(0.09)	AT&T:	40.88	0.03			
AMC NETWORKS:	54.21	(0.58)	CENTURYLINK:	29.05	(0.05)			
CBS:	52.38	(0.42)	FRONTIER:	4.66	0.01			
DISCOVERY:	26.11	(0.28)	TDS:	28.00	(0.32)			
DISNEY:	95.86	(0.11)	VERIZON:	52.53	(0.1)			
GRUPO TELEVISA:	27.48	0.18	MARKET INDICES					
HSN:	43.32	(0.12)	DOW:	18481.48	(65.82)			
LIONSGATE:	21.06	(0.48)	NASDAQ:	5217.69	(42.38)			
MSG NETWORKS:	17.96	(0.66)	S&P 500:	2175.44	(11.46)			
SCRIPPS INT:	64.60	0.15	TECHNOLOGY					
STARZ:	31.25	(0.33)	ADDVANTAGE:	1.81	UNCH			
TIME WARNER:	80.18	(0.52)	AMDOCS:	59.23	0.06			
VIACOM:	46.39	(0.3)	AMPHENOL:	61.43	(0.05)			
WWE:	21.16	(0.1)	APPLE:	108.03	(0.82)			
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Tar Paper

Commentary by Steve Effros

There's nothing quite like getting stuck in tar paper. You put one foot down to try to pry the other one loose and the next thing you know that one is now stuck! It almost looks like a grotesque dance trying to get out of the mess that often has been self-created.



Enter the FCC and its Chairman, Tom Wheeler, as they try to navigate their way out of the mess called the the set-top box rulemaking. It's gotten really hard to watch sometimes. How it all started is a good thing to remember, since the only way to get out of it without a major court challenge and a good possibility of loss will probably be to go back to the basics, go back to the beginning.

First there was a Congressman who wanted to help a constituent (Circuit City) which wanted to sell cable set-top boxes just like they were selling DBS boxes at that time. This was in the mid-'90s, when DBS was just getting off the ground and local electronics dealers were their primary local sales outlet. Once established, the DBS companies moved to a direct-sale or lease set-top box model, just like the cable operators had. Anyway, the idea was to create a mechanism for retail sales of set top boxes.

There is no uniform technology in the cable industry, so a technological "kludge" had to be created; the "Cable-Card." It worked, sort of. But as technology moved forward the cable companies couldn't keep up with expectations for better and more versatile boxes. After all, they had millions in the field that were still on their books.

Then came the realization by the new broadband "edge" providers that boxes were a great mechanism to get all sorts of information from viewers and use it for their own remarketing and sale of someone else's product, and added advertising.

The notion of an "AllVid" box was born. It didn't fly the first time it was proposed, but this second iteration, when Congress simply asked for a study, not necessarily a rule, gave the current FCC leaders the opening to try to create a whole new federalized business plan for the distribution of video programming. That's what the current proposal is all about.

Ironically, (and here I have to remind everyone I have a direct interest in a company, BBT, that has an operational technical solution to the issue of "downloadable security" for set top boxes that has been presented to the Commission in this proceeding) the fight, and the tar paper, has little to do with actually creating a technical solution to allowing for the retail sale of set top boxes. Instead, it is an expensive, heated battle between very big companies on both sides, and the creative community over the entire notion of "fair use" of copyrighted material. At the FCC!

The Commission acknowledged in the past that it's not "the" copyright law expert; the Copyright Office is. But now the Copyright Office has filed comments saying the FCC's favored proposals have very serious legal problems. The "public interest" lobbyists have responded that the Copyright Office shouldn't be considered the expert, the FCC and Tom Wheeler should!

And so the tar paper has started to stick. The Commission could go back to the beginning and simply authorize the design of a downloadable security set top box for retail sale, but that would not "open up" a new marketing (and likely copyright violating) nirvana, their real industrial policy goal. The dance continues.

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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.)

Featured Session:

The OTT Economy: Seeking Order in the Chaos

We'll sit down with one of the industry's top researchers and analysts, MoffettNathanson's Craig Moffett, to explore the business strategies driving the new TV ecosystem—and which ones are likely to survive.

After our discussion with Craig Moffett, we'll delve even deeper into these issues with a panel of experts prepared to put their own spin and perspective on these vital industry topics.



Craig Moffett
Principal, MoffettNathanson



Barbara Kalosieh
SVP, Content Distribution,
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Austin Powers
President, Olympusat Telecom