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What the Industry Reads First

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Sports Study: RSNs Regarded as the 5th Most Important Network

Sports fans considered RSNs as their most essential non-broadcast channels, according to a custom Nielsen study commissioned by Fox Sports released Wed. The study, which looked at more than 1,500 pay-TV subs around the country found that on average, respondents rated their RSNs as the 5th most important channel in their TV packages, ranking behind the 4 broadcast nets. Respondents also ranked RSNs as more essential than all cable channels. In certain geographical regions, sports fans ranked their RSNs as the most essential networks. In St. Louis, which receives **Fox Sports Midwest**, viewers rated their local RSN as more essential than any other channel, including the broadcast networks. In Detroit, home of **FOX Sports Detroit**, viewers rank their RSN as the second most essential network. RSNs are the only cable networks joining broadcast networks in the top tiers, *Jeff Krollik*, pres of **Fox Sports Regional Networks** said in an interview, noting the strong viewership performance by local teams in the just-concluded **MLB** season. According to Nielsen data, 9 teams had the #1 ranking across all TV networks in prime time, while more than half of the 29 teams ranked in the top 3 across all TV networks. Overall, for the 29 clubs, ratings were up 1% YOY. And 15 of the 29 saw ratings increase over their prime time ratings last year. With cord-cutting and the expansion of streaming services and skinny bundles, do RSNs face the same challenges that other cable networks do? Not really. RSNs are included in the vast majority of skinny bundles, which have been around for a few years, Krollik said. Fox RSNs are also on streaming platforms like **DISH's Sling TV** and **AT&T's DirecTV Now**. For traditional cable bundles, live local sports are "really the most valuable programming MVPDs can provide. It gives people reason to continue their subscription," Krollik said. Looking at changes with RSNs, the exec said "we had quite an evolution in local sports." Many local games weren't available and sometimes they were in smaller packages 15 years ago. Today, every game is broadcast in HD, provides pre-game and post-game content and has significantly national-level production value, he said. The steady expansion of RSNs means "our advertising revenues have been growing in a very challenging environment of advertising," said Krollik. "We bring to the table some real advantages: our program is live and people watch it live...People really care about their local teams and tend to buy products that support those teams," he said.

CenturyLink-Level 3: CenturyLink and Level 3 filed their merger application with the **FCC, DoJ** and **FTC**. The com-

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panies announced the deal in Oct. “By offering a broader range of on-net services and solutions than customers can obtain from the companies individually today, the merged companies will be poised to compete for global end-to-end business. This will mean better service, more competition and further network deployment,” the companies said in their filing. This merger will “reduce both companies’ dependence on leased fiber facilities, enhance the combined companies’ geographic and financial profile, and strengthen their ability to invest and compete over the long term,” they said.

Transparency Waiver: ACA, along with the **Competitive Carriers Association, NTCA (the Rural Broadband Association)**, and the **Wireless Internet Service Providers Association** filed a joint letter asking the **FCC** to extend the exemption for small providers from the agency’s enhanced Open Internet disclosure rules. The current exemption is set to expire on Thurs. They noted a recent bipartisan letter signed by 8 Senators and members of Congress supporting the continued extension of the exemption. The groups said that the bipartisan support of the exemption shows that “this is not a controversial issue, but instead is necessary and consistent with the public interest.” Congress is attempting to address this issue through the Small Business Broadband Deployment Act, which was twice passed unanimously in the House, and out of the Senate Commerce Committee. To comply with enhanced network performance requirements, some small providers would have to spend tens of thousands of dollars to upgrade their network equipment or pay a 3rd party to take granular network measurements, the trade groups said.

Internet Research: New consumer research from **Leichtman Research** found that 83% of US HHs get an Internet service at home, compared to 82% in 2010 and 69% in 2006. Broadband accounts for 97% of HHs with Internet service at home, and 81% of all HHs get a broadband Internet service – an increase from 74% in 2010, and 42% in 2006. Those who don’t get an Internet service at home tend to be older (36% of ages 65+ are not online at home), and lower income (40% with annual household incomes <\$30,000 are not online at home). However, possibly the most common characteristic of those not online at home is that 60% do not use a laptop or desktop computer at home, according to the research. Consistent with the profile of those not online at home, the most common reason for not getting an Internet service at home is a lack of need (cited by 50%). This reason far exceeds those who mentioned cost (17%), availability (8%), or access to the Internet on a smartphone (8%) as a reason not to subscribe to an Internet service at home. The research is based on a telephone survey of 1,208 HHs across the country. Other findings include: 86% of HHs use at least one laptop or desktop computer – 92% of this group get an Internet service at home; About 5% of all HHs have an iPad or tablet, but don’t use a laptop or desktop computer – up from 1% in 2013; Overall, 66% get both an Internet service at home and on a smartphone – up from 42% in 2012; 6% overall access the Internet on a smartphone, but do not get an Internet service at home – compared to 2% in 2012; 41% with an Internet service at home watch online video daily – compared to 17% in 2011, and 5% in 2006, and finally, 90% with annual HHs Incomes >\$50,000 get broadband at home – compared to 71% with annual household incomes <\$50,000. “While higher-income households are most likely to subscribe to a broadband service, disparities in computer ownership and computer literacy remain at the root of the broadband divide in the US,” said Bruce Leichtman, pres of Leichtman Research.

AT&T’s Fiber Push: AT&T continues to expand its 1 Gigabit broadband service, this time to Greenville, SC, Little Rock, AK, and Sacramento, CA. The latest expansion pushed the total number of metropolitan areas reached by the telco’s fiber-based gigabit service to 46, or 3Mn locations. The goal is to expand to at least 67 metro areas, according to AT&T.

Olympic Channel’s New Deal: The **Olympic Channel** reached an agreement with **FIFA** (Fédération Internationale de Football Association) covering news access and content licences to promote football within the Olympic Movement. FIFA joined 36 International Sports Federations and IOC Recognised Sports Federations who have signed similar agreements with the net.

CES 2017: CES 2017, to be held Jan 5-8 in Las Vegas, is expected to attract 50K industry professionals from 150 countries. Companies from 57 countries will be exhibiting, up 9% from 2016, according to **Consumer Technology Association**.

Programming: **E!** picked a 2nd season of reality series “Rob & Chyna,” which premieres in 2017. -- **MTV** announced the global on-air premiere of *Lady Gaga’s* music video for “Million Reasons,” which will debut

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across MTV channels worldwide including MTV, **MTV Live** and **mtvU** on Wed at 3pm EST. -- **Turner's TBS** renewed 2 more of its 2016 scripted comedies. The net announced 10-ep season 2 renewals of "People of Earth" and "Search Party." The pair joined the net's previous 2016 renewals of "Angie Tribeca," "Full Frontal with Samantha Bee," "The Detour" and "Wrecked," in addition to comedy mainstays "Conan" and "American Dad!"

People: Discovery Comm appointed **Bernard Ross** to the newly created position of **Eurosport's COO** and gm of Olympic Games. He will begin the new role in Jan, based in Paris, and will report directly to **Peter Hutton**, CEO, Eurosport. Ross joined Discovery from The Union of **European Football Associations**. -- **Fox News** tapped **Kevin Lord** as evp of HR. He will begin his new role on Jan 16. He was most recently svp and chief HR officer at **Tegna** and a member of the company's leadership team since 2012. Prior to Tegna, he was evp of HR for **NBC News** and was the HR integration leader during **NBCUniversal's** transition from **GE** to **Comcast** ownership. -- **David "Digger" Granville-Smith** has been elevated to COO/CFO, **A+E Networks**. He will report to **Nancy Dubuc**, pres/CEO. He was most recently CFO.

Cablefax Daily Stockwatch

Company	12/14 Close	1-Day Ch	Company	12/14 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	59.70	1.17	MICROSOFT:	62.68	(0.3)
ENTRAVISION:	6.60	UNCH	NETFLIX:	123.44	(0.34)
GRAY TELEVISION:	10.55	0.10	NIELSEN:	43.12	1.08
MEDIA GENERAL:	18.81	(0.01)	SEACHANGE:	2.48	(0.02)
NEXSTAR:	63.70	0.60	SONY:	28.82	(0.76)
SINCLAIR:	31.90	0.35	SPRINT NEXTEL:	8.33	0.05
TEGNA:	22.17	(0.02)	SYNACOR:	3.00	(0.1)
MSOS					
CABLE ONE:	619.56	4.29	UNIVERSAL ELEC:	66.90	(0.2)
CHARTER:	288.26	4.40	VONAGE:	6.71	0.05
COMCAST:	70.02	0.04	YAHOO:	40.91	(0.56)
GCI:	17.88	0.23	TELCOS		
LIBERTY BROADBAND:	72.56	1.08	AT&T:	41.10	(0.26)
LIBERTY GLOBAL:	30.05	(0.23)	CENTURYLINK:	23.87	(0.56)
SHAW COMM:	20.33	(0.33)	FRONTIER:	3.44	(0.01)
SHENTEL:	27.75	(0.35)	TDS:	29.29	0.16
PROGRAMMING					
21ST CENTURY FOX:	28.02	0.98	VERIZON:	51.63	(0.73)
AMC NETWORKS:	51.02	0.36	MARKET INDICES		
CBS:	63.64	0.58	DOW:	19792.53	(118.68)
DISCOVERY:	28.68	(0.09)	NASDAQ:	5436.67	(27.16)
DISNEY:	104.05	0.20	S&P 500:	2253.28	(18.44)
GRUPO TELEVISIA:	20.43	(0.31)			
HSN:	36.15	(0.15)			
MSG NETWORKS:	21.15	0.40			
SCRIPPS INT:	71.54	0.32			
TIME WARNER:	94.65	(0.02)			
VIACOM:	38.50	(0.4)			
WWE:	18.56	(0.42)			
TECHNOLOGY					
ADVANTAGE:	1.67	0.05			
AMDOCS:	60.30	(0.41)			
AMPHENOL:	67.76	(0.15)			
APPLE:	115.19	UNCH			
ARRIS GROUP:	30.41	0.25			
AVID TECH:	4.36	0.17			
CISCO:	30.46	(0.13)			
COMMSCOPE:	36.56	(0.47)			
CONCURRENT:	5.32	(0.04)			
CONVERGYS:	24.73	(0.77)			
CSG SYSTEMS:	47.96	(0.35)			
ECHOSTAR:	51.83	(0.05)			
GOOGLE:	797.07	0.97			
HARMONIC:	4.85	(0.35)			
INTEL:	36.55	(0.25)			
INTERACTIVE CORP:	66.50	(1.13)			
LEVEL 3:	56.48	(0.72)			

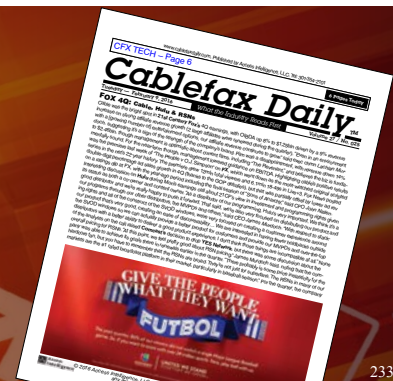
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Think about that for a minute...

New Year Observations

Commentary by Steve Effros

This isn't my "New Year's" column just yet, we have a few more weeks before that one. But so many "Washington" things have happened lately that are being described as indicative of what is or is not going to happen in the New Year that I thought it might be useful to give you a preview from my perspective.

So here we go, in no particular order; the new Trump administration will fall into the same trap that the Wheeler FCC did of thinking that "...because we have the votes" is a good answer to policy questions. It's not. Hopefully the Trump FCC, if headed by some of the folks now being mentioned as potential Chairmen will avoid that fate.

The concept of "Net Neutrality" despite all the hand-wringing going on in the press right now will not be gutted. What will be reversed is the Commission's legal theory on the authority it has to regulate broadband as a common carrier and seize potential rate control. As has long been pointed out here to no avail, the ISPs have never been opposed to the concept of "no blocking" and "no throttling." Those are the cornerstones of "net neutrality." They will remain firmly embedded, whether the government requires them or not. That's so, in part, because the ISPs have absolutely no interest in getting into the maelstrom of being held responsible for "editing" the Internet.

Google and Facebook, on the other hand, find themselves in the upside down position of having insisted on someone else providing "neutrality," but assiduously avoiding that same legal requirement. Now they find their "friends," the ones who so loudly insisted on neutrality, being the same ones who are now calling for editorial prohibitions on "fake news" sites! The tables have turned and the New Year will see serious efforts to force some unwanted editorial responsibility on those companies.



What goes around, comes around.

The FCC will function just fine, thank you, regardless of what Tom Wheeler does, or whether Commissioner Rosenworcel gets a new nomination to rejoin the Commission next January. This whole thing with Wheeler refusing to officially announce his resignation thus resulting in the freezing of the Rosenworcel renomination vote is just silly. It doesn't accomplish anything.

Yes, there may be a "deadlocked" Commission for a little while, with 2 Democrats and 2 Republicans, but do you really think a Republican President and a Republican Senate will delay a vote on a new Republican FCC Commissioner for very long? Then it will be 3 to 2, or, with an expected Wheeler (finally) resignation, 3 to 1! A "reasonable" next step from my point of view would be for Rosenworcel, who has proved to be a very thoughtful Commissioner, to then be renominated and get the Commission back up to speed. But remember, this is an administration that does not apparently feel it has to adhere to custom, so the new President could nominate any "democrat" he chose, rather than the one the Democrats in the Senate recommend. That would mean the useless "end game" that was played during the last two weeks would have backfired.

And by the way, a "deadlocked" Commission wouldn't help those who are trying to protect "net neutrality" and other policies either. All of those controversial votes and decisions will be up for "reconsideration" under a new administration, and in the meantime, no new rules or rulings would be likely. So "freezing" the Commission doesn't do much. And so the New Year is likely to go.

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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