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What the Industry Reads First

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Slice of Pai: First Meeting Features Slight Change, Lots of Broadband Talk

The first open meeting of the new *Ajit Pai*-led **FCC** was a bit of a snoozer, but it did provide a glimpse into how the Republican wants to run the agency. As a commissioner, he was a vocal critic at times of *Tom Wheeler*, complaining about a lack of transparency and claiming that the minority was shut out in certain instances. With the only item vetoed on being a drama-free order easing two public notification requirements for broadcasters and cable operators (it was put on the agenda by Wheeler), it's too early to get a sense of what the new FCC will look like. Pai did make one change at the meeting. Every commissioner had to individually state their vote. Typically, the chair calls for ayes and nays, which, as any reporter can attest, can cause confusion on who voted what. As he predicted, Tuesday's order was approved 3-0. As for other process reforms, Pai said he hasn't made any determination about them yet, nor has he held any conversations with the White House. "On my first full day, I met with the staff and made it clear there would be no higher priority than closing the digital divide that persists in this country, and I stressed to the staff that I view them as critical partners in addressing that priority," Pai said. He further emphasized the point by using the meeting to announce the creation of the Broadband Deployment Advisory Committee, which is tasked with identifying regulatory barriers to broadband investments. A public notice should be coming soon with more details on its role and member selection, with Pai anticipating it will be comprised of 15 members from industry, consumer and community organizations. It will cover topics like local franchising and zoning, permits and rights of way regulation. The idea is to create a model template for localities that may not have the resources to promote broadband deployment. "Our hope is that with a model code approved by the FCC, one that any city could use as a template, the case for broadband deployment would be much easier, especially for communities that seek to proactively encourage it," Pai said. His first item approved as chairman gave Connect America Fund money to NY state to improve broadband access. Pai teased that broadband access would be a key part of his tenure with the release last September of a Digital Empowerment Agenda that included reducing pole attachment costs, promoting mobile broadband and creating "Gigabit Opportunity Zones" with tax incentives for broadband providers, streamlined deployment and tax credits for entrepreneurs who create jobs. Preliminary discussions with some members of Congress on such Gigabit zones have already happened, according to Pai. "It is something I hope will cross party lines," he said. BDAC plans to hold its first meeting this



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spring with FCC staffers *Brian Hurley* and *Paul DAri* serving as its Designated Federal Officer and Deputy Designated Federal Officer, respectively. Another area that Pai was especially critical of during the previous administration was the FCC's Enforcement Bureau, telling a House Commerce hearing in November that it's focused on headline-grabbing fines regardless of the legality of its actions. The Bureau proposed a \$100 million fine in 2015 against **AT&T** for allegedly misleading consumers about unlimited data plans. During a news conference Tuesday, Pai said enforcement is "a critical priority" for the FCC and that he looks forward to following the law and taking appropriate action to protect the public interest. Attempts by reporters to press the Republican on his stance on net neutrality or Title II didn't go anywhere. "We have not made any decisions. I favor a free and open Internet and oppose Title II. That is pretty much all I can say about that topic."

Pai on Google: The previous **FCC** never answered the question of whether Internet companies like **Google** or **Netflix** are distributors. It doesn't sound like FCC chmn *Ajit Pai* is ready to do so either. At least not yet. "I think it depends on the particular marketplace we are talking about," he said during a press conference Tuesday. As far as competition from Internet companies as a whole, he did caution that the marketplace should be viewed "as it is and not as it was." **FCC Vote:** The FCC voted 3-0 to no longer require cable ops to publicize the location of their principle headend, something the industry had argued was a security risk. The order also does away with broadcasters' requirement to post correspondence from the public in their station files. **Farewell Lake:** The meeting was likely FCC Media Bureau chief *Bill Lake's* last with the agency. He's led the bureau since 2009, appointed by then-chair *Julius Genachowski*. Lake also led the DTV task force during his tenure at the agency.

DISH-EchoStar: **DISH** and **EchoStar** executed a deal to transfer some EchoStar assets to DISH. They include an OTT development group, a software and hardware development group, EchoStar's national and regional uplink business, as well as EchoStar's managed fiber backhaul network. It also includes the transfer of EchoStar's 10% stake in **Sling TV** to DISH, as well as wireless licenses covering 4 markets in the 28 GHz band. In a note Tuesday, **Wells Fargo** analysts questioned the move and its timing: "Honestly, we don't know but our gut tells us Charlie is cleaning these two companies up for a reason... perhaps this could be related to something transformative post the broadcast incentive auction."

Xfinity App on Roku: A year ago, **Comcast** announced its Xfinity TV Partner program, which entails the release of an Xfinity app for **Roku** and **Samsung** smart TVs, and designed to expand options for Comcast subs to access programming without traditional set tops. The MSO launched a beta of the app for Roku in the US Tuesday, allowing Xfinity TV subs to access live and on-demand cable programming. Initially, the Xfinity TV beta app will be available on Roku TV models and all Roku players released in the last couple years. Comcast said it's working with Roku to add additional Roku players. The official launch of the app is later this year.

Walter Presents US Bound: **Walter Presents**, UK's drama-focused foreign-language streaming service, is set to launch in the US in March. The joint venture between UK's **Channel 4** and **Global Series Network** will cost \$6.99 a month. The service launched in the UK last year and is expected to start its international rollout next year. Available across platforms, Walter Presents will offer 34 series from 12 countries initially in the US, including "Spin," billed as the French "House of Cards," and "Valkyrien," a Norwegian thriller set in an illegal, underground hospital.

On the Hill: The **Senate Small Business Committee** approved the nomination of *Linda McMahon*, co-founder and former CEO of **WWE**. The 18-1 vote means McMahon's nomination is now pending full Senate confirmation.

Discovery-Sky Deal: **Discovery Communications** reached a deal with EU operator **Sky**, which means Discovery's portfolio of 12 channels will continue to be available on Sky and that Discovery Channel will continue to be available on NOW TV in the UK after Tues. Some Discovery Comm talent had warned customers on social media that they could lose channels. In a statement following the announcement of the agreement, Discovery said "the deal we reached with Sky is meaningfully better than our former agreement and their proposal. Furthermore, our new arrangement enables us to control our destiny in more ways, with even more opportunities to invest and launch channels and consumer services. Stay tuned in the coming weeks."

A+E Nets Takes Cruise: **Carnival** expanded its "Ocean" original content portfolio as part of its strategic partnership with **A+E Networks**. The content expansion includes the premiere of "Good Spirits" on **FYI** starting Feb 16 and **A&E** on Feb 20. The 30-min, 10-ep series is the 4th originally produced program by Carnival. Coinciding with

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the series, Carnival and A+E Nets will launch a sweepstakes offering audiences a chance to win a 7-day cruise for 2.

Tennis Ratings: The 18th Major Championship in *Roger Federer's* career came Sunday at the Australian Open and it brought nice numbers for ESPN. The net scored its largest total audience for the event—an average of 1.13mln viewers—since 2004, a year before the move to an overnight time slot in 2005. The matchup of the *Williams Sisters* in the early hours of Saturday drew a total audience of 953K viewers, up 37% from last year's match between Serena and *Angelique Kerber*. It was the largest audience for the event since it moved to an overnight time slot in 2009.

Programming: Showtime premieres doc "American Jihad" on March 11 on-air, online and on-demand. The film explores home-grown Jihadism, featuring former Jihadists and those affected by its practices. -- March Madness is coming to **Lifetime**. Featuring 5 Chicago-area entrepreneurs whose kids are some of the country's most elite young basketball players, the network's "Bringing Up Ballers" premieres March 1. The 6-ep series follows these young players' moms as they work on their businesses and make sure their boys are on track to make it to the **NBA**.

Cablefax Daily Stockwatch

| Company | 01/31 Close | 1-Day Ch | Company | 01/31 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| BROADCASTERS/DBS/MMDS | | | | | |
| DISH: | 59.14 | (0.2) | MICROSOFT: | 64.60 | (0.54) |
| ENTRAVISION: | 5.35 | 0.05 | NETFLIX: | 140.63 | (0.59) |
| GRAY TELEVISION: | 11.83 | 0.03 | NIELSEN: | 40.90 | (0.17) |
| NEXSTAR: | 65.35 | 0.80 | SEACHANGE: | 2.41 | (0.04) |
| SINCLAIR: | 33.73 | 0.08 | SONY: | 30.27 | 0.83 |
| TEGNA: | 22.90 | 0.17 | SPRINT NEXTEL: | 9.23 | 0.12 |
| MSOS | | | | | |
| CABLE ONE: | 631.11 | (2.73) | SYNACOR: | 3.15 | UNCH |
| CHARTER: | 323.94 | (0.86) | UNIVERSAL ELEC: | 59.40 | 0.35 |
| COMCAST: | 75.42 | 0.08 | VONAGE: | 7.08 | UNCH |
| GCI: | 20.13 | 0.20 | YAHOO: | 44.09 | 0.16 |
| LIBERTY BROADBAND: | 83.67 | 0.04 | TELCOS | | |
| LIBERTY GLOBAL: | 36.50 | (0.12) | AT&T: | 42.14 | 0.32 |
| SHAW COMM: | 21.58 | 0.02 | CENTURYLINK: | 25.86 | 0.05 |
| SHENTEL: | 27.20 | (0.45) | FRONTIER: | 3.48 | (0.01) |
| PROGRAMMING | | | | | |
| 21ST CENTURY FOX: | 31.37 | UNCH | TDS: | 30.65 | 0.01 |
| AMC NETWORKS: | 57.37 | 0.38 | VERIZON: | 49.00 | (0.37) |
| CBS: | 64.53 | 0.13 | MARKET INDICES | | |
| DISCOVERY: | 28.32 | 0.34 | DOW: | 19864.09 | (107.04) |
| DISNEY: | 110.59 | (0.35) | NASDAQ: | 5614.79 | 1.07 |
| GRUPO TELEVISIA: | 22.39 | (0.13) | S&P 500: | 2278.87 | (2.03) |
| HSN: | 35.33 | 0.53 | | | |
| MSG NETWORKS: | 23.18 | 0.48 | | | |
| SCRIPPS INT: | 76.15 | (0.15) | | | |
| TIME WARNER: | 96.85 | 0.23 | | | |
| VIACOM: | 45.15 | (0.35) | | | |
| WWE: | 19.59 | 0.02 | | | |
| TECHNOLOGY | | | | | |
| ADVANTAGE: | 1.80 | 0.01 | | | |
| AMDOCS: | 58.72 | 0.40 | | | |
| AMPHENOL: | 67.44 | 0.46 | | | |
| APPLE: | 121.27 | (0.36) | | | |
| ARRIS GROUP: | 28.61 | (0.12) | | | |
| AVID TECH: | 5.35 | 0.32 | | | |
| BLNDER TONGUE: | 0.74 | 0.00 | | | |
| CISCO: | 30.72 | (0.12) | | | |
| COMMSCOPE: | 37.83 | 0.83 | | | |
| CONCURRENT: | 5.14 | (0.02) | | | |
| CONVERGYS: | 24.83 | (0.39) | | | |
| CSG SYSTEMS: | 48.38 | (0.09) | | | |
| ECHOSTAR: | 50.94 | (0.32) | | | |
| GOOGLE: | 796.29 | (6.03) | | | |
| HARMONIC: | 5.28 | 0.23 | | | |
| INTEL: | 36.80 | (0.63) | | | |
| INTERACTIVE CORP: | 68.76 | (0.17) | | | |
| LEVEL 3: | 59.48 | 0.15 | | | |



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