

# Cablefax Daily™

Friday — April 21, 2017

What the Industry Reads First

Volume 28 / No. 076

## **BDS Vote: FCC Meeting Gets a Little Weird as Special Access Regs are Relaxed**

Thursday's **FCC** open meeting may be best summed up as "awkward." Given some of the pushback publicly over the BDS reform order, it was clear it would be a contentious gathering. But it moved into the weird phase at the start as net neutrality activists interrupted FCC chmn *Ajit Pai* to RickRoll him (in other words, they stood up and sang "Never Going to Give You Up"—an apparent reference to how they won't give up protecting the 2015 Open Internet Order that he's expected to dismantle). Pai took the interruption in good spirits, even singing and dancing along. But the chairman's trademark humor created what some felt was a somewhat awkward moment later on. Democrat commish *Mignon Clyburn* gave an impassioned speech against the BDS order, calling it "one of the worst" she's seen in her nearly eight years on the Commission and a "hefty nail in the coffin of wireline competition." When she was through, Pai joked, "I think you voted to concur." The BDS order passed on a 2-0 vote, with GOP commissioner *Michael O'Rielly* saying there are some things he'd have done differently (he has some concerns about the FCC reversing forbearance in certain instances), but overall considers it a "positive and welcomed step to eliminate unnecessary regulation." Pai defended the move to deregulate the rates incumbent providers can charge for special access services, such as wireless backhaul. He argued that the government setting the rates, terms and conditions threatens competition and investment. While Pai had dubbed the April "Infrastructure Month" given his jam-packed agenda, Clyburn in disagreeing with the order called it "Industry Consolidation Month" (She noted that cable has entered the BDS market, but there's been a lot of consolidation with former competitors being bought in some instances by the incumbents they are supposed to be competing against). Pai later ran through a number of acquisitions that Clyburn has voted for as a commissioner, including **Comcast's \$30bln NBCU** deal and **Charter's \$89.1bln Time Warner Cable** and **Bright House** acquisitions. Asked by a reporter why he brought up her votes, the chmn said he was making the point that "to get a complete picture of what actually portends consolidation, it's useful to look at the past... If somebody has voted for every single merger that's been presented to the Commission for review, you can't turn around in the subsequent administration and argue that there's consolidation likely as a result of a rulemaking that's based on hard data." One merger that ended up not coming up for a vote, but that Clyburn would most likely have voted against based on her comments, is **AT&T-Mobile**. As for the BDS order, it's a drastic change from what former FCC chmn *Tom Wheeler* worked on that would have actually extended regulation to competitive entrants, including cable operators, and declared that the market wasn't competitive enough. The approved order would provide a transition period (which hasn't been specified by the Commission as of our deadline) after which ILECs in counties meeting the competitive market test will no longer file tariffs with the FCC. However, the rates must continue to be "just and reasonable," the Commission said. Reaction to the BDS order was as expected, with **NCTA** and **ACA** applauding it, while Dems and consumer groups condemned the move, saying the new rules will result in higher Internet bills for small businesses, schools, libraries and hospitals. Comcast painted it as way to drive investment. "Businesses today have more

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CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Editor: Katie Nale, 301.354.1828, knale@accessintel.com ● Community Editor: Alex Silverman, 212.621.4951, asilverman@accessintel.com ● Dir. of Bus. Dev.: Rich Hauptner, 203.899.8460, rhauptner@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● VP Marketing: Amy Jefferies, 301.354.1699, ajefferies@accessintel.com ● Marketing Manager: Alex Virden, 301.354.1619, avirden@accessintel.com ● Production Manager: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs or Subscription Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,699.97/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

options for data services at better prices than at any other time in history, and we want the market to remain competitive and innovative for both the benefit of business customers and consumers,” *David Cohen*, sr evp and chief diversity officer for Comcast, said in a statement.

**Verizon Earnings:** Even after completing a three-year, \$1.05bln deal with **Corning** earlier this week, **Verizon** hasn’t yet satisfied its appetite for fiber. CFO *Matt Ellis* on Thursday’s 1Q earnings call said the company will “continue to look at every way that we can get access to that fiber,” whether that means building its own or acquiring it through M&A. Either way, expect Verizon to make fiber a priority going forward. Ellis also addressed speculation about a possible merger with **Disney** or **Comcast** in the wake of CEO *Lowell McAdams*’ comments earlier this week that he would consider such talks. Ellis sought to quiet the buzz around these specific companies, saying Verizon is always open to talk. Overall, Verizon saw a 7.3% YOY dip in 1Q revenue, dogged by its first-ever net loss of subscribers in a quarter. Losing 307,000 wireless subs in 1Q contributed to a 6.1% YOY drop in service revenue in the quarter to \$15.8bln. Ellis said, however, that the company’s introduction of unlimited-data plans in February mitigated the sub losses and offers momentum going forward. FiOS revenue in 1Q increased 4.7% YOY, with the company adding 35K FiOS Internet subs, but losing 13K FiOS video subs. Ellis cited OTT offerings, mobile video and competitive promotional offers, particularly in the NY market, for the video losses. **New Street Research** prior to the call reiterated its thesis that Verizon faces “a very large capacity deficit that will have a serious long-term impact on their business,” given that it has 16% of industry spectrum and 37% market share. Ellis on the call, however, said the company has opportunity to grow within its existing spectrum, as only 50% of its spectrum is delivering its 4G network. He was unable to comment on this week’s **FCC** spectrum auction, from which Verizon was absent. Ellis also expressed confidence in Verizon’s ability to be first to market with 5G consumer products. **Macquarie Research**, which maintained its neutral outlook on the company, wrote, “Its US\$1.8bn **XO** acquisition and interest in **Straight Path** reflect its 5G ambitions through fiber/mmWave spectrum.” Little was said on the call about Verizon’s pending acquisition of **Yahoo**, which is slated to be completed during 2Q. The plan remains to operate both **Yahoo** and **AOL** under the new **Oath** brand, which will come together this summer.

**In Other FCC News:** Thursday’s 10:30am ET **FCC** meeting and its post-press conferences didn’t wrap up until 2pm. Everyone had a lot to say. Asked about meetings with various stakeholders over net neutrality, FCC chmn *Ajit Pai* said he did not discuss the merits of any pending proceeding. “I simply was exploring outside the context of any pending proceeding how to secure some of those principles of free and open Internet that I think most people agree on,” he said, noting he’s met with several companies in Silicon Valley, including **Facebook**, **Cisco** and **Oracle**. Pai said he’s trying to get a “diversity of views” and believes there is some common ground. “I think from the dawn of the Clinton administration going forward until 2015, we had a light touch regulatory framework that created incredible value for the American consumer,” he said. “I think there’s a general recognition of that, and there’s a willingness to enter into a dialogue about the way forward.” -- The singing that started the meeting returned, with commish *Mignon Clyburn* breaking into an *Isley Brothers* number when asked if she plans to remain at the Commission after her term expires on June 30. “I have got work to do. I’ve got a job, baby,” she sang, saying she will strive to be a steward of the public interest regardless of her title. -- The Commission also voted on a proposal to seek comment to remove regulatory barriers to wireline broadband infrastructure deployment, including potential pole attachment reform and streamlines to the process for LECs to retire copper networks. The FCC

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also voted to reinstate the UHF discount and relax third-party fundraising restrictions to permit many noncommercial TV and radio stations to air limited fundraisers for the benefit of other non-profit organizations.

**Pac It Up: Pac-12 Networks** President *Lydia Murphy-Stephans* will step down from her position in June to launch a media advisory company later in the year. She will act as a consultant to Pac-12 Networks in her new role. During Murphy-Stephans' tenure, the net expanded programming to include 850 live sporting events annually across one national and six regional channels. The net also boasts that it has been profitable every year since its launch in 2012. On the other hand, the net still has yet to reach a distribution deal with **DirectTV**, and several schools within the conference have remarked that they are seeing less revenue than they initially expected from the nets. Murphy-Stephans took over the role of President in 2013 after *Gary Stevenson's* departure.

**TVE Research:** Awareness of streaming content as a benefit of a pay-TV sub stands at 73% among cable subscribers ages 18-64, and 51% of subscribers reported viewing TV Everywhere content in the past month, according to new consumer data from **CTAM** and **Hub Entertainment Research**. About a quarter (24%) of pay-TV subscribers who view TVE content report being heavy users, up from 17% last year. Heavy TVE use is also up among all age groups, with 33% of millennial subscribers, 24% of GenXers and 19% of Boomers falling into that category. TVE use in the past month among both Hispanic (55%) and African-American (59%) MVPD subscribers is higher than average (51%). In addition, 49% of pay-TV subscribers say the availability of TVE makes them feel more positive about their provider.

**There's an OTT Channel for Everything:** **OWNZONES Media Network** has joined with **Genesis Media** and **Alex Nahai Enterprises** to spark up **420TV**, a new OTT channel dedicated to programming about cannabis. The net will feature original series, as well as news, information and entertainment content. Programs in development include a daily news program called "Pot Cast," a business-themed series named "Marijuana Moguls," and "Cannabis 411," an educational show on things like growing and consuming marijuana. The channel will launch on Ownzones.com and its mobile application this fall.

**Comcast Still Cares:** Saturday marks the 16th **Comcast Cares Day**, with employees set to take part in nearly 1,000 volunteer projects across the US and in approx 20 countries. With this year's volunteer day falling on Earth Day, Comcast announced a commitment to completing 500K pro-environment volunteer hours by 2020.

**Tech Notes:** Australia's **National Broadband Network** is the 56th member to join **CableLabs**. NBN will be the group's first member from the Oceania region. -- **Starz** will use **Arris' DSR-7401** transcoder satellite receiver to reduce its satellite network bandwidth and to prepare for future distribution technologies such as 4K HDR programming. The DSR-7401 also supports legacy MPEG-2 and MPEG-4 SD set-tops. -- **Nokia OZO** and **Accedo** are partnering to deliver an upgraded VR experience by integrating Nokia's OZO Player SKD into Accedo's VR solutions and joint customer projects. The companies will feature their new solutions at next week's **NAB Show** in Las Vegas. -- **Comcast** will join the **LoRa Alliance**, an association of more than 400 companies backing the LoRaWAN standard for low-power wide-area Internet of Things networks. The company will hold a seat on the association's board of directors and host LoRa's 8th All-Members Meeting, Open House and Marketplace Exhibition June 12-14 in Philly.

**People:** *Laura Kennedy* was promoted to COO of **Lionsgate Television Group**. Kennedy previously served as Lionsgate evp of television operations & corporate development and was one of the dealmakers behind the company's \$4.4bln acquisition of **Starz**. -- *Jonathan Huberman* was appointed CEO of **Ooyala**, a global provider of video monetization technology and services. Prior to Ooyala, Huberman served as CEO of **Syncplicity**, a software-as-a-service company for enterprise file collaboration and as CEO of **Tiburion**, a public safety software provider.

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# PROGRAMMER'S PAGE

## Dystopian Power

One of the most anticipated new original TV series out there will hit **Hulu** on April 26 when "The Handmaid's Tale" premieres the first three episodes and introduces us to a dystopian future in which women aren't just subjugated—the fertile ones are actually enslaved as birthing vessels and concubines by an autocratic government. The series, based on the 1985 *Margaret Atwood* novel, goes beyond the surface level explored somewhat haphazardly by the 1990 movie starring *Natasha Richardson, Robert Duvall* and *Faye Dunaway*. "Not only is this a book that people have read and studied for years, it's been a movie, it's been a ballet, it's been an opera, it's been a play a couple of times," noted executive producer *Bruce Miller* at TCA in January. But those are all relatively short-form adaptations compared to serialized storytelling that creators can now exploit as Hulu takes advantage of stretching the novel's rich social commentary across 10 episodes. The main story focuses on *Offred (Elisabeth Moss)*, a young woman who endures repeated physical, mental and sexual abuse as she's forced to serve the whims of The Commander (*Joseph Fiennes*) and his jealous wife *Serena Joy (Yvonne Strahovski)*. Some might see parallels between the series and a certain authoritarian mood in America or recent stories of misogyny in the news; however, "one of the things that is the most interesting about the book is how relevant it is all the time... people pick out different aspects of the book that really ring true for them or seem to speak to the time that they're living in," said Miller. Meanwhile, the series also plays with power dynamics, and "one of the things I found most interesting about *Offred* [is] what she does to gain power and to try to survive and to try to gain some power back," said Moss at TCA. "Instead of actually leaning away from being a woman and her sexuality, she actually really leans into it, and she starts to use it to hopefully get out." — *Michael Grebb*

**Reviews:** "Genius," premiere, 9pm, Tuesday, **National Geographic**. Can physics be made accessible and compelling to TV audiences? It's a question *Einstein* might have enjoyed grappling with. One approach is through stories about physicists. Nat Geo attempts this with "Genius," already renewed for season 2. With *Ron Howard* in his scripted TV directorial debut and *Brian Grazer* producing, a level of quality is assumed. *Genius* delivers, although it's more a biography than a dive into physics. Filmed in the Czech Republic, *Genius* looks great, and *Geoffrey Rush* as Einstein provides gravitas despite an awful prosthetic nose. The first ep even manages to glimpse into Einstein's mind through dialogue and useful graphics. In ep 2 scientific ideas are secondary to the story of a highly promising, yet sometimes-difficult young man. Its center is a love story and Einstein's first wife, Serbian *Mileva Maric*. The word "genius" is a poor description of Einstein's conduct in matters of the heart. -- "The Lost Tapes: LA Riots," 8pm, Sunday, **Smithsonian Channel**. The idea to compile footage into a documentary sans voiceover isn't new, although it's still the road less travelled by a large margin. Timed to the 25th anniversary of the riots, this tremendous, short film manages to say much without a narrator. Viewers are left to decide if it could happen again. — *Seth Arenstein*

Basic Cable Rankings (4/10/17-4/16/17)			
Mon-Sun Prime			
1	FOXN	1.1	2380
2	MSNB	0.7	1515
3	HGTV	0.6	1464
3	TNT	0.6	1411
3	ESPN	0.6	1331
3	ID	0.6	1181
7	USA	0.5	1274
7	DISC	0.5	1228
7	HIST	0.5	1165
7	TBSC	0.5	1164
7	DSNY	0.5	1059
12	CNN	0.4	976
12	FX	0.4	931
12	FOOD	0.4	891
12	AMC	0.4	854
12	A&E	0.4	853
12	TLC	0.4	806
12	HALL	0.4	793
12	BRAV	0.4	779
12	DSE	0.4	89
21	NAN	0.3	724
21	ADSM	0.3	707
21	TVLD	0.3	700
21	SYFY	0.3	695
21	LIFE	0.3	647
21	FRFM	0.3	604
21	NKJR	0.3	595
21	VH1	0.3	594
21	APL	0.3	582
21	HMM	0.3	564
21	DSJR	0.3	561
21	INSP	0.3	526
33	SPK	0.2	530
33	WETV	0.2	513
33	OWN	0.2	471
33	NBCS	0.2	470
33	LMN	0.2	447
33	TRAV	0.2	426
33	CMDY	0.2	419
33	NGC	0.2	405
33	GSN	0.2	396
33	MTV	0.2	370
33	BET	0.2	369
33	EN	0.2	362

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



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