

# Cablefax Daily™

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What the Industry Reads First

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## Ho-Hum: Here We Go Again... #NetNeutrality

The only surprise at Thursday's FCC meeting was that it wasn't interrupted by net neutrality protesters. They were there all right, but were gathered outside and thus unheard during the more-than-two-hour gathering. It was left to lone Democratic commish *Mignon Clyburn* to be the voice of opposition to an NPRM that begins the process of rolling back Title II classification for broadband. "While the majority engages in flowery rhetoric, about light-touch regulation and so on, the end-game appears to be no-touch regulation and a wholesale destruction of the FCC's public interest authority in the 21st Century," Clyburn said in her attack, which included characterizing the item as a "political rush job." It goes without saying the item passed on a 2-1 vote. Clyburn complained that so many of those supporting the item—including the majority at the Commission—have said Congress should decide broadband regulation. "If that is so, then why are we debating this today?" she asked. Now, this shouldn't be read as Clyburn saying she actually thinks Congress should step in. "While I won't take a particular position on that, I will say that if they were to weigh in, and they have talked about weighing in for some time now, they should give the expert agency in this nation the flexibility to do its job," she told reporters after the meeting. "People have an expectation that there should be a referee on the field ensuring that the open Internet remains open and free." Back to those protesters outside... You're going to hear plenty more from them as Thursday only started the process of rolling back Title II, with at least a 90-day comment period to follow. Already, more than 1mln comments have been submitted. Chairman *Ajit Pai* said that any resulting order will be made public before the vote. In addition to repealing Title II, the NPRM proposes doing away with the "Internet Conduct Standard," which cable has complained is overly vague. "With this expansive authority, the FCC could investigate any provider for offering the public virtually any service that the agency might find problematic," Pai said, adding that is exactly what happened when the *Tom Wheeler*-led FCC began investigating zero-rate plans last year. The notice also proposes a return to the FCC's original classification of mobile broadband Internet access as a private mobile service and seeks comment on whether to keep the bright-line rules against blocking, throttling and paid prioritization. Pai pledged that the process would include a cost-benefit analysis, which wasn't done for the 2015 Open Internet rules. A draft of the NPRM was available 3 weeks before Thursday's vote, but the actual order that was voted on wasn't released at press time. While the meeting was taking place, Sen Commerce

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chmn *John Thune* (D-SD) was on the Senate floor calling on Congress to consider legislative measures—something he said Wheeler and his staff lobbied to block. “In politics, it is rare to get a second chance at bipartisan compromise, yet right now we have an opportunity to accomplish what eluded us two years ago—clear and certain rules in statute to protect the open Internet,” he said. “We have another chance to sit down, to discuss every stakeholder’s concerns, and to work toward the common goal of protecting the Internet.” While the FCC’s getting slammed by *John Oliver* and has picketers standing out front, it may be in the halls of Congress that what net neutrality really means gets decided. Or maybe not. For the time being, many Democrats are aligning themselves with net neutrality proponents. You have to admit, it’s good campaign fodder. And the beat goes on.

**My Dear Watson:** Comcast just launched its Xfinity Mobile wireless service this week, but **Comcast Cable** pres/CEO *Dave Watson* is already saying that its MVNO agreement with **Verizon** is “an end state” for the service, as opposed to just a starting point. Speaking at **MoffettNathanson’s** media conference on Thursday, Watson said the company doesn’t envision wireless as a revenue driver on its own, but rather a vehicle for reducing churn, increasing per-customer profitability and “opening up consideration for other products like broadband and video.” He said of the MVNO, “It answers the competitive ask in terms of how we package a mobile service that gives more value to existing customers, and we can do it in a way that doesn’t require us to build or buy.” Comcast’s wireless service also leverages its network of wireless hotspots, as well as 10MHz of spectrum the company acquired at auction. Meanwhile, competitors last quarter lost video subs in unprecedented numbers, but Watson still believes Comcast can grow its pay TV business. He pointed to the X1 platform as a key to both retention and growth, along with efforts to sell slimmed-down packages to specific segments, including college students and young couples. He noted that customers who choose smaller packages upgrade to the full slate about 30% of the time. Finally, Watson targeted business services as an area where the company has a lot of room to grow even after the company increased revenue in that segment by 13.6% YOY in 1Q 2017 to \$179mln. He noted the company still only has 10% penetration among mid-level businesses and about 5% at the enterprise level.

**Media Rule Review:** It also was a 2-1 vote Thursday to launch a review of **FCC** rules applicable to cable, broadcast and satellite. *Mignon Clyburn* complained that the process ignores the basic question of whether rules remain in the public interest and instead assumes to advance the public interest, the Commission must reduce unnecessary regulations and undue regulatory burdens. FCC chmn *Ajit Pai* described it as an extension of the Biennial Review, which requires the Commission to examine all regs applying to telecom and determine if they are no longer in the public interest.

**Casualty Count:** The largest pay TV providers in the US, who together represent about 95% of the market, lost about 410K net subs in 1Q 2017, according to **Leichtman Research**. That’s compared to a gain of 10K subs in 1Q16. About 115K of those lost subs were from the top six cable companies, who as a group gained about 50K subs in 1Q 2016. Meanwhile, Leichtman pegged virtual MVPD adds at about 350K subs in 1Q, up from 130K in 1Q16.

**Turner Embraces Virtual MVPDs:** Turner CEO *John Martin* at **MoffettNathanson’s** media conference on Thursday said virtual MVPDs are “starting to gain a little bit of momentum,” which will help programmers weather recent declines in cable subs. While Martin noted it is still unclear how many Americans subscribe to virtual MVPDs, he estimated that the total is probably close to 2mln. He added that as the proliferation of skinny bundles continues, programmers will likely try to give investors “some perspective on the size of the virtual MVPDs.” Turner nets are part of most major virtual MVPDs’ lineups, with **YouTube TV** being the exception. It seems as though after picking up sports nets, YouTube couldn’t include Turner nets if it planned to hit its target retail price for the package.

**Times Square Crash:** With a programming community that largely operates in Midtown, news of a car slamming into pedestrians in Times Square at lunchtime sent up a wave of concern. The crash happened right outside **Viacom’s** Broadway office, prompting the building to go on lockdown. One person was killed and 22 were injured, according to reports. Viacom said all of its employees were accounted for. A 26-year-old male driver was taken into custody, with police saying that this is not believed to be related to terrorism.

**Ailes Passing:** An extremely busy news day started with word of the passing of former **Fox News** chmn *Roger Ailes*. He was 77. His wife *Elizabeth Ailes* announced his death in a statement to *Drudge Report*. Ailes resigned from his post last July following accusations of sexual harassment.

# PROGRAMMER'S PAGE

## Waste Not

You probably haven't heard of a cooking show like this before. "Scraps," a new series from **Sur La Table** and **FYI** set to premiere Sunday at 10:30pm EST, follows chef *Joel Gamoran* as he travels across the US creating meals out of food waste. The idea for the show came from Gamoran, who takes the topic of food waste quite seriously. But he's not the only one. Journalist *Katie Couric*, who serves as the show's executive producer, is also a passionate advocate of the food waste movement. The beauty of Scraps' format includes having a meaningful trend enveloped in a package of broader entertainment appeal, said FYI evp of programming and development *Gena McCarthy*. It's somewhat familiar territory for her. "In my past life, I worked on a show called 'Dirty Jobs,' which had similar themes running throughout it," she said. For McCarthy, the real appeal of the show is in the brilliance of Gamoran's creations. "It's just very eye-opening that you can create these dishes from these source materials." Of course, a show like this naturally lends itself to partnerships. You'll see those through the **KitchenAid** appliances being used and the digital cooking classes offered by Sur La Table alongside the series. The best part of Scraps, however, might not be in what it presents but in how it inspires. McCarthy hopes that over the course of the ten half-hour episodes, viewers will open their eyes to a subject they might have previously ignored. She has even noticed the issue in her daily life since working on the show. "I try to be diligent with my food waste, but I probably could be better after watching this because the final feast is truly mouth-watering," she confessed.

— *Katie Nale*

**Reviews:** "Becoming Bond," premiere, Saturday, **Hulu**. Would you trust a used car salesman? If you've not seen "On Her Majesty's Secret Service," the 1969 James Bond film, you likely haven't heard of Aussie actor *George Lazenby*, who played 007 in that installment of the franchise. He never played Bond again. Perhaps it was a bad career move to reject a lucrative contract for 6 more Bond films, but once you hear Lazenby's story while watching this delightful, irreverent and sometimes scatological doc hybrid, which includes reenactments, you realize it's totally in character with Lazenby. A sickly child, he wasn't expected to live beyond 12 or 13, so after that he's playing with house money. He didn't do badly. From humble beginnings he eventually become Europe's top male model. Is this gifted raconteur providing a true account of his life? Does it matter? By comparison, Bond's adventures seem quotidian. -- "The Wizard of Lies," premiere, 8pm, Saturday, **HBO**. Speaking of playing with house money, as you know, Bernard Madoff (*Robert De Niro*) for years didn't have the sums of money he claimed he did. While there's nothing significantly wrong with this somewhat listless film, its stellar cast sheds very little new light on a well-known story. If anything, we realize Madoff was a relatively ordinary man who committed an extraordinary crime. — *Seth Arenstein*

### Basic Cable Rankings (05/08/17-05/14/17)

	Mon-Sun Prime	
1	FOXN	1 2340
2	TNT	0.8 1854
2	MSNB	0.8 1825
4	ESPN	0.7 1656
5	TBSC	0.6 1379
5	HGTV	0.6 1360
7	USA	0.5 1222
7	CNN	0.5 1191
7	DISC	0.5 1116
7	HIST	0.5 1052
7	NBCS	0.5 1013
12	ID	0.4 907
12	DSNY	0.4 863
12	FX	0.4 814
12	A&E	0.4 811
12	DSE	0.4 74
17	TLC	0.3 776
17	FOOD	0.3 774
17	ADSM	0.3 729
17	NAN	0.3 701
17	HALL	0.3 680
17	TVLD	0.3 677
17	AMC	0.3 668
17	FS1	0.3 653
17	BRAV	0.3 566
17	VH1	0.3 566
17	NKJR	0.3 566
17	INSP	0.3 538
17	LMN	0.3 514
17	HMM	0.3 491
17	DSJR	0.3 478
32	LIFE	0.2 566
32	SPK	0.2 509
32	SYFY	0.2 501
32	APL	0.2 497
32	FRFM	0.2 452
32	WETV	0.2 424
32	TRAV	0.2 415
32	CMDY	0.2 413
32	OWN	0.2 409
32	BET	0.2 387
32	NGC	0.2 385
32	EN	0.2 383
32	GSN	0.2 367

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



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