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What the Industry Reads First

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Ask the FCC: Commissioners Take Hill Questions on Budget, Policies

Tuesday's Senate Appropriations subcommittee hearing on the FCC's 2018 budget request gave members of Congress a chance to question the agency's three commissioners on everything from net neutrality to the lack of broadband in rural areas. But there was also the matter of day-to-day operations. Ranking member *Christopher Coons* (D-DE) expressed concern about a budget that includes a 5.2% reduction to the prior year's spending level and will result in historically low staffing for the agency. Democratic commish *Mignon Clyburn* gave credence to Coons' concerns, noting that the Commission is operating with the fewest number of full-time employees in more than 30 years. She added that 38% of employees last year said they don't have sufficient resources to get their jobs done. "We're asked to do more increasingly with less. I am positive there's going to come a time when we're going to have diminishing marginal returns, and I think that time is quickly approaching." Despite fewer staffers, FCC chmn *Ajit Pai* said the Commission has focused on doubling the output at its monthly meetings. He also pointed to structural changes aimed at using employees in the most efficient way, pointing to the creation of the Office of Economics and Data, which centralizes the economic functions of the agency in one office. Pai later asserted he is "confident that we won't experience any negative impact" in terms of meeting core responsibilities due to the reduced budget. Subcommittee chair *Shelley Moore Capito* (R-WV) kicked off the hearing by plugging her Gigabit Opportunity Act, which would create Gigabit Opportunity Zones to better connect low-income and rural communities—something Pai has called for as part of his mission to eliminate the digital divide. Pai praised the legislation and noted the FCC is focusing on innovation, such as work to approve the ATSC 3.0 broadcast standard. Several senators expressed concerns about privacy, with Pai repeating promises to work with the FTC to ensure there's a "uniform expectation that sensitive information be protected whenever a consumer goes online." Alluding to tensions at the FCC, Sen *Jerry Moran* (R-KS) asked lone Democrat Clyburn if she feels she is able to participate in FCC business. "Most of the time I feel that way, sir," she said. Other areas that could use funding at the FCC including the Wireline Bureau as it works on USF funding, according to Republican commish *Mike O'Rielly*. "Affected industries are stunned to learn that only a dozen or so people are working on the high-cost program, a critical part of our nearly \$9 billion fund," he testified.

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Clyburn suggested that IT infrastructure should also be top of mind, saying that a few hundred thousand comments in the Open Internet proceeding shouldn't cripple the FCC website.

Retrans Heartache: The latest **Kagan** projections have retrans fees for MVPDs and virtual service providers set to hit nearly \$12.8bln by 2023, up from a projected \$9.3bln this year. The number keeps ticking up, with this year's projection more than 17% higher than Kagan's \$7.9bln retrans price tag for 2016. By retrans reform group **ATVA's** count, there have been 145 blackouts so far this year, three of which are ongoing (**Altice-Morgan Murphy** in Idaho Falls and **DiracTV-Denali Media** in Anchorage and Juneau). ATVA, whose members include **DISH** and **Charter**, is using these latest Kagan figures to remind regulators of its concerns that the proposed Next Generation broadcast standard could cause even more skirmishes if broadcasters aren't required to simulcast 1.0 signals in their current format.

FCC Streamlines Cable Notices: Ahead of its open meeting, the **FCC** approved a ruling that would clarify that email can be used to provide required annual notices to customers. The order hasn't been released yet, and it's not clear if all three commissioners voted for it. **NCTA** and **ACA** petitioned the FCC in April to clarify that such electronic communications could be used, noting that they enhance the ease and speed with which notices can be updated and afford cable ops greater flexibility to match the electronic operations of their online and other competitors.

MCTV Fiber: **MCTV** took the wraps off its fiber-to-the-home project this week at an event with Rep **Bob Gibbs** (R-OH) and **ACA** pres/CEO **Matt Polka**. The first markets are now online with the "Excellerate Internet" service, with **MCTV** the first cable operator to bring FTTH to northeast Ohio. We recently chatted with pres **Bob Gessner** about the fiber rollout and more in our CFX Video Series. "As we roll it out on a neighborhood by neighborhood basis, it means faster Internet speeds, synchronous Internet. We're looking forward to the challenge of creating a full IPTV solution," he said, suggesting down the road, customers might be able to bring their own set-tops.

Moffett Downgrades Cable: Research firm **MoffettNathanson** on Tuesday downgraded its outlook for the cable sector from "overweight" to "neutral." While the firm believes operators are positioned to withstand lost video subs by adjusting broadband pricing in response, it has concerns about how the market will "value cable operators that are increasingly reliant on flexing their pricing muscle." The firm in its report wrote, "It is likely that investors will (appropriately) apply a somewhat lower terminal growth rate assumption to a business that is achieving its growth through pricing rather than unit growth." Moffett emphasized that it is not worried about the sector's health going forward, but rather that the "risk and rewards appear relatively balanced at current valuations." In the same report, Moffett also downgraded **Comcast** from "buy" to "neutral" with an unchanged target price of \$45. Shares of Comcast closed at \$41.80 on Monday prior to the report's release.es

Privacy States: ISPs scored a victory earlier this year when Congress voted to nix privacy rules introduced by the **FCC** late last year, but that fight is trickling down to the state level. California Assemblyman **Ed Chau** on Monday introduced AB-375, or the California Broadband Internet Privacy Act, which would require ISPs to obtain opt-in consent from customers in order to use, disclose, sell or permit access to personal data. It also sets standards for the disclosures ISPs must make to customers and the means by which they protect customer information. Legislators in several other states, including New York, New Jersey and Washington, are already considering similar rules.

Hail To The Chief: The **FCC** has tapped **Tom Sullivan** to serve as chief of its International Bureau, a role he had already been serving in on an interim basis. Sullivan previously served as the bureau's associate chief and chief of staff. He has been at the FCC since 1991.

Snap Time: **Time Warner** and **Snap** announced a partnership Monday under which Time Warner will develop and produce shows for Snapchat from across its nets. The programming will be shot and produced for the platform's vertical format and showcase Time Warner brands and personalities. Time Warner will also purchase advertising on Snapchat for **HBO**, **Turner** and **Warner Bros**. The deal is the latest in a string of deals with nets and media brands to produce shows for Snapchat. The company said it currently airs one show each day on Snapchat and that it expects that number will increase to three by the end of this year.

Comcast's Ad Effort: **Comcast's** Advanced Advertising Group launched a new video advertising solution called the Blockchain Insights Platform (BIP) that it anticipates will result in better planning, targeting execution and measurement across screens. The effort expands upon the group's advertising relationship with **NBCUniversal**, as well as new partnerships with **Disney**, **Altice USA**, UK-based **Channel 4**, **Cox Communications**, **Mediaset Italia** and France-based **TF1 Group**. Using the BIP, the companies will be able to exchange audience data for addressable advertising. It also aims to allow advertisers and programmers to match data sets more effectively to create and carry out media plans

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based on audience segments across pay-TV and streaming devices. Comcast is speaking with additional programmers, distributors, device makers and marketers from the US and Europe about inclusion in the program.

Charter, NYS Settle: The New York State Department of Public Service on Tuesday announced a \$13m settlement with **Charter Communications** for failing to meet all the terms it accepted to secure approval of its acquisition of **Time Warner Cable**. Charter last year agreed to several conditions, including building its network to pass an additional 145,000 unserved or underserved homes and businesses within four years of the closing of the deal. As of May 18, it had only extended its network to pass 15,164 of the 36,250 premises it was required to pass in the first year. Instead of paying a potential penalty, the company agreed to pay \$1m in grants for equipment to provide access to low-income users and to set aside \$12m as a security to meet its network expansion commitment going forward. "Charter has met and even exceeded the vast majority of our key year-one commitments in New York associated with the merger," Charter said in a statement. "Delays in pole-attachment approvals and make-ready by pole owners made it impossible to extend our network to the targeted number of homes in the first year post-merger—an important fact that the settlement appropriately reflects."

Tom Talk: **Charter Communications** chmn/CEO *Tom Rutledge* will be among the keynote speakers at the **SCTE-ISBE Cable-Tec Expo** in Denver on Oct. 18. He will share his views on the future of cable telecommunications and the impact of network innovation on business results. The three-day convention is Oct. 17-19.

Programming: The **National Women's Hockey League** has signed a broadcast deal with **Twitter** for the '17-18 season. Under the deal, the social media platform will stream a weekly game, as well as the 2018 NWHL All-Star Game and two games from the Summit Series between the NWHL and the Russian Women's National Team. The NWHL will produce a total of 18 games, all of which will be available to viewers with or without a Twitter account. The streams will include TV-style ads. -- **ESPN's** next 30 for 30 documentary, "Mike and the Mad Dog," will air on July 13 at 8pm ET. The film, which debuted last month at the Tribeca Film Festival, chronicles the rise and fall of the eponymous New York sports talk radio show. -- **HBO** on Tuesday made the series finale of "The Leftovers" available for streaming on YouTube for one week. The **Television Critics Association** nominated the show for Program of the Year. -- **Outdoor Channel** will premiere a new original series, "Survival Science," on July 3 at 9pm ET. The show will inform viewers about what it takes to survive various situations in the wilderness. -- **Showtime** will debut a new standup comedy special from *Erik Griffin*, "The Ugly Truth," on July 7 at 9pm ET/PT. His special is the third standalone comedy program from stars of "I'm Dying Up Here," the net's new drama series about the '70's comedy scene in LA.

People: **Fox Business Network** has elevated *Gary Schreier* to svp, programming and *Tom Bowman* to vp, programming. Both Schreier and Bowman will report to FBN pres *Brian Jones*. Schreier joined **Fox News** in 1996 and transitioned to FBN when it launched in 2007. After a stint with **CNBC** from 2012-2015, Schreier returned to FBN as vp, programming. Bowman prior to his promotion served as FBN director of programming. He joined the net in 2009. -- Online video technology company **Ooyala** has hired **Synclplicity** COO *Mike Nikzad* to serve in the same position. Previously, he has served as COO for **EMC's** consumer and small business division, as well as **NewNet Communication Technologies**.

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