

# Cablefax Daily™

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What the Industry Reads First

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## Youth Movement: E.W. Scripps Seeks Carriage for Millennial-Focused Newsy

With cable systems seeking ways to keep young video customers from cutting the cord, **E.W. Scripps** is expanding its millennial-focused news service, **Newsy**, into the pay-TV universe. Scripps on Wednesday announced the purchase of carriage contracts belonging to **RLTV**, which amount to about 26mln subs, and plans to replace the channel with Newsy in the coming months. Scripps CEO **Adam Symson** said the haul includes deals with **Comcast**, **Charter** and **Altice USA**. The final purchase price, which is based on the number of RLTV subs that Scripps can convert to Newsy subs, could be up to \$23mln and no more than 93 cents per sub. Symson called it “a hell of a deal for us,” citing comparable transactions that have valued subs at \$3-5 each, with some as high as \$12. Scripps plans to expand Newsy’s reach to about 40mln pay-TV homes by the end of 2018. Symson pointed to the economic model of programming—sub fees and ad revenue—along with high barriers to entry, as attractive aspects of the cable and satellite business. Newsy had already been operating a dual-revenue business with distribution to virtual MVPDs like **Sling TV** and **YouTube TV**, though most of its footprint has consisted strictly of ad-supported content. It dipped a toe into pay-TV in recent months via [deals with smaller operators](#) like **Cincinnati Bell** and **Layer3**. Asked why MVPDs should pony up for Newsy in a climate of cost-cutting and smaller packages, Symson cited Newsy’s appeal to younger audiences than those of traditional TV news. “The MVPDs know that they need to retain subscribers, particularly younger ones, and they even need to attract younger ones to their service,” he said. “They need to look at their shelves and determine whether they’ve curated the right products to be on the shelves. Newsy appeals to younger audiences, and we think Newsy will deliver that for the MVPDs.” He expressed confidence in Scripps’ ability to “flip” all 26mln subs it acquired from RLTV, declining to comment on whether it is seeking higher carriage fees for Newsy than those commanded by its predecessor. The company is currently in talks with operators who carried RLTV, as well as additional carriers. Newsy will continue to offer free linear and on-demand content via its website and app, but will require authentication via a cable provider or vMVPD to access the full version offered on pay-TV and virtual MVPDs. The premium version will include new programming initiatives like “The Why,” an evening news-magazine, as well as morning show “The Day Ahead” and interview program “30 Minutes With.” As for RLTV, the 50-plus programming net launched in 2006, it appears the end is near. The net declined comment, passing the buck to Scripps.



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Though Scripps only purchased RLTV's subs—not the net itself —Symson speculated RLTV employees are likely to be out of a job following the programming transition.

**Retrans Ruckus:** The blackouts are starting to hit. **DirecTV** lost **Dispatch's WBNS** (CBS Columbus) and **WTHR** (NBC Indianapolis) stations Wednesday. The same stations were dark on DirecTV for three days in Sept 2014 and off **DISH** for 27 days in 2015. **Cox** lost **Hearst** stations Tuesday around 10pm. Impacted markets include Orlando, where Hearst operates **NBC** affiliate **WESH-TV**. That prompted an outcry from retrans reform water carrier **American TV Alliance**. The group, made up mostly of MVPDs, including **Charter** and **AT&T**, condemned the loss of signals with Florida preparing for Hurricane Irma. For its part, Hearst said it had previously granted Cox a five-day extension and offered an additional three-day extension that would have taken talks through Friday, but the MSO declined. Cox claims the broadcaster wants it to pay double its current price. Cox's Oklahoma City, Omaha, Orlando and Ocala, Northwest AR and New Orleans markets are impacted. This is the third time this year Hearst programming has gone dark on an MVPD, with DirecTV losing stations for a week in January and DISH losing them for more than 50 days in the spring. Not everyone is dealing with blackouts. DISH and **Citadel** agreed to yet another extension for **ABC6** in Providence. This one lasts until 7pm, Sept 14. And **Raycom** and **DirecTV**, whose contract expired at 11:59pm Tuesday, agreed to a second extension to continue talks.

**Accenture Buys IBB:** **Accenture Strategy** will acquire **IBB Consulting**, which advises in the media, broadband, MVPD and wireless spaces. Following completion of the acquisition, approximately 160 of IBB Consulting's professionals are expected to join the Accenture Strategy's Communications, Media & Technology industry practice.

**Rice Rises:** **Fox Networks Group** elevated chmn/CEO **Peter Rice** to president of **21st Century Fox**. He'll continue to oversee Fox Networks, a role he's held since 2012. His expanded duties also have him working with 21CF leadership on strategic initiatives. 21CF noted Rice's success at Fox Networks, including the expansion of **FX** into three networks and the launch of **FS1** and **FS2**.

**Comcast Chimes in on DACA:** **Telemundo** already spoke up and urged Congress to pass legislation to protect the "dreamers" in the Deferred Action for Childhood Arrivals program, and now parent **Comcast** is adding its voice to the cause. Senior evp, chief diversity officer **David Cohen** tackled the issue in a blog post Wednesday, a day after President **Trump** announced the program would end in six months. "We are disappointed to learn of the termination of this program and the potential consequences for young people and the families who came out of the shadows and enrolled with the government in good faith for the opportunity to contribute their talents to the American economy. But we want to welcome the opportunity to embrace a permanent and lasting solution to the needs of this important immigrant population," Cohen wrote.

**Irma & Harvey:** As the Harvey recovery efforts continue, the nation is turning a wary eye to Irma. The **FCC** reminded broadcasters, cable providers, first responders and others that it will be available to address emergency-communications needs 24 hours a day through the weekend as Irma approaches. On Tuesday, the FCC deactivated its Disaster Information Reporting System for Harvey at the request of **FEMA**. It will, however, continue to monitor the status of communications services. Plans are fluid for most cable nets with the storm's path uncertain. **Fox News** already had correspondent **Phil Keating** in Florida City on Wednesday, reporting on the state's preparations. Several others from Fox and other nets are headed to Florida or already there. **Weather Channel** anticipates that **Mike Seidel** will be reporting from Miami Beach on Thursday morning, with **Jim Cantore** and **Stephanie Abrams** to be folded into coverage Friday. Meanwhile, details have emerged about FCC chmn **Ajit Pai's** visit to Texas. His stops included the Greater Harris County 9-1-1 center (which took more than 3100 calls per hour during the peak of Harvey), broadcaster **KPRC-TV** and the George R. Brown Convention Center where he met with representatives of **Smart City Networks** and **Crown Castle**, who shared how the companies worked to supply online connectivity for thousands of Harvey victims who took shelter at the Convention Center.

**Cable Center Looks to Bring in New Flock:** **The Cable Center** is launching a new program aimed at connecting cable's well-established leaders with the next generation of trailblazers. Dubbed, the Community of Innovators, the 2017 pilot program features execs nominated by their companies. Next year, the Center plans to have a more formal application process. A kickoff will be held in Denver on Monday, with **CableLabs** CEO **Phil McKinney** to deliver a key-

note. McKinney is one of several Innovation Laureates who will help mentor the rising leaders. Others include **Liberty Global** CEO *Mike Fries*, **AMC Networks** chief *Josh Sapan* and *Bridget Baker*, former **NBCU** exec and CEO of **Baker Media**. Components of the Community of Innovators includes the Intrapreneurship Academy, a 10-week pilot program that will provide 20 emerging leaders both in-person and online learning opportunities to gain knowledge and skills they can apply to self-selected projects. There will also be participation in Startup Weeks across the country, including program co-sponsor, Denver Startup Week's Pitch Challenge. The Cable Center will also use the program to revive its Mavericks Lecture Series, in which industry leaders deliver talks at universities and colleges nationwide.

**Free Movies on Roku:** Roku launched "The Roku Channel," a streaming channel that provides free access to films. The ad-supported channel's lineup includes "Legally Blonde," "The Karate Kid" and other flicks from **Lionsgate**, **MGM**, **Sony Pictures Ent**, **Warner Bros** and others. Roku said the offering is expected to have approximately half the advertising per programming hour as traditional ad-supported linear TV. It is being rolled out in phases over the coming weeks.

**Programming:** Showtime is launching a new documentary series centered on how mass shootings come to be and the consequences that come in their wake. "Active Shooter: America Under Fire" will include the perspectives of survivors, families of the victims and first responders when it premieres Sept 29 at 9pm ET/PT. -- **Fox News** is launching a series from *Harvey Levin* of "TMZ." "OBJECTified" will feature interviews with notable names as they tell their stories through objects with personal meaning. The first episode, airing Sept 17 at 8pm ET, will offer an intimate look at Judge *Judy Sheindlin*'s life outside of the courtroom, showcasing the prized possessions she keeps in her Greenwich, CT, home. -- HBO renewed "Real Time with Bill Maher" for two more seasons, solidifying the show's presence on the net through 2020. The deal also includes a new stand-up special from Maher, his 11th on HBO, and a retrospective episode focusing on highlights from past seasons of "Real Time."

**People:** Roma Khanna was tapped as the next CEO of **Revolt Media** and **Revolt TV**. She fills the post left by *Keith Clinkscales*' departure last fall. Khanna will continue the hip hop brand's growth, expanding its presence across platforms around the globe while also producing short- and long-form content. Khanna is the former president of **MGM Studios** (television + digital group), as well as president of **NBCU's** international networks and digital initiatives. -- *Francisco González* was named svp, international distribution for **Crown Media Family Networks**. He will develop and oversee international sales territories for Crown content. He'll also focus on global expansion to meet international revenue goals. -- *Kavita Vazirani* is heading a new research group for **NBCU**, jumping into the newly created role of evp, strategic insights and analytics. She will lead a team dedicated to audience analytics, analyzing advertising initiatives and more while overseeing research projects for NBCU's marketing platforms. -- *Jennifer Taylor* is joining the **Consumer Technology Association** as vp, US jobs. She will address the nation's shortage of skilled tech workers, driving initiatives to help reduce the number of unfilled jobs in the industry. She'll also be diving into veteran's affairs, increasing the number of veterans employed by the tech industry by looking at their transferable skills.



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## Think about that for a minute...

### Legal Weeds

Commentary by Steve Effros

The next chapter in the ongoing saga of the FCC net neutrality rules is about to begin. The “comment period” for a rulemaking reversing the “Title II” rule is over. Millions of comments, many of them simply votes, and many of them artificially manufactured on both sides, were filed and will be ignored. As Gigi Sohn, Tom Wheeler’s top sidekick said when they were in control, the outcome of this rulemaking is clear, “...because we have the votes.” But in this case it’s Chairman Pai who has the votes, and “Title II” will go.

But that, of course, leads to the inevitable court challenges, and that’s where it gets interesting. Some things are happening in the courts that are likely to have a major impact on this case, so let’s get down in the legal weeds for a moment.

It’s true, as the Title II advocates point out, that nothing has really changed except Wheeler vs. Pai, so they argue there is no rationale for the Commission to change its mind and change the rule. As was pointed out in a recent *New York Times* article, the courts, and particularly the Supreme Court, are getting testy about government legal briefs that switch sides just because of an administration change. It happened under the Obama administration and it’s certainly likely now given that there are already two major cases where the Trump administration has switched legal sides in the middle of a case.

Chief Justice Roberts took government lawyers to task when they said the Secretary of Labor had reversed the department’s position “...on further reflection.” That’s not a reason, he noted. And that comment is likely to be very important in the future. What it signals is that “administration change” justifications for altering the interpretation of statutes is going to be looked at very closely.



Now follow the bouncing ball with me; that’s significant because the only real reason the original Wheeler “Title II” decision was upheld in the first place was because so-called “Chevron deference” was given to the agency. That is, the courts assume the agency is the expert on its own statute so the court does not look terribly hard at the details of the decision. But that may change on any reinvestigation of the “Title II” decision. This is especially so since the newest Supreme Court Justice, Neil Gorsuch, is one of the best known critics of the “Chevron” policy. He even wrote a book challenging it.

So if “switching sides” is not looked on kindly, and neither is “deference” in such cases, we get to a situation where the court, whether at the Appeals or Supreme level, actually looks at the Commission’s statutory justification behind the decision. This is where another recent court action may come into play. In an ongoing case against AT&T/DirecTV by the FTC, a judge has essentially paused the proceeding while he considers throwing it out because the FTC apparently based its argument on assumptions of consumer harm rather than any real showing of harm.

The notion that the NN case would hinge on actual showings of harm as opposed to the fear that something might happen would certainly change the game. Even the Wheeler Commission acknowledged that there was scant evidence of harm from the lack of NN rules, or especially the prohibition of “paid priority.” It was all done in the name of righteous prophylaxis. But does the FCC have that statutory authority? Certainly not based on a proved harm. It’s going to get interesting!

*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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