

Cablefax Daily™

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What the Industry Reads First

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Press Pause: DISH Puts Service to Puerto Rico, US Virgin Islands on Hold

DISH announced Monday that it is temporarily pausing TV service to Puerto Rico and the US Virgin Islands amid hurricane recovery efforts to ensure customers “will not be charged for TV service that they cannot receive.” In the wake of Hurricane Maria, most residents in the region are still without power and means of communication due to infrastructure damage. The company is also allowing the few customers who can utilize their service to prevent it from being paused or to resume prior to DISH lifting the broader shutdown. Customers are also eligible for credits for time without service, and DISH will provide free repair and equipment replacement. The pause is indefinite at the moment, with the company saying technicians will restore and install services once neighborhoods are declared safe and power becomes available. Monday’s move to pause service comes less than two weeks after the satellite provider gave **Lilly Broadcasting** a [tongue-lashing for pulling stations](#) serving the region from DISH systems. The two companies are still in a retrans consent dispute that affects 10 stations, including three serving Puerto Rico and the US Virgin Islands. “Lilly turns back on public interest obligations during humanitarian crisis—uses catastrophe to create ‘deal leverage,’” the company stated on Sept 30. At the time Lilly decided to pull its stations, most residents were already without power or communications capabilities. “Lilly is further blinding the citizens of Puerto Rico and the U.S. Virgin Islands at this time, showing an unbelievable lack of compassion,” said *Warren Schlichting*, evp, marketing, programming and media sales. “During this humanitarian crisis, it’s critical for people to have access to more information, not less, whether one home or 10,000 can access these stations.” DISH’s statement prompted the **FCC** to get involved in coaxing Lilly to reestablish service (it restored **One Caribbean Television** less than two days later, keeping the other two stations serving the region off DISH). **ACA** followed up with a letter to the FCC last week asking that pulling stations during a natural disaster be deemed a violation of “good faith.” The group also pointed to Lilly’s blackouts as part of its TV Ransom publicity campaign, citing them as an example of broadcasters’ egregious behavior in retrans consent negotiations.

Optimum Rate Hike: It’s hard to say whether **Optimum’s** just-announced rate hike has any correlation with parent **Altice USA’s** recent **Disney** deal. While word came at the same time a new distribution deal was being hammered out, the company has used October and November to announce price adjustments for years. An Altice spokesper-

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son declined to say whether the Disney agreement is reflected in the new rates, but it's clear the rising cost of sports content certainly is. "We are committed to providing our Optimum customers with high-quality video services at a great value, and the adjustments we made to certain video pricing reflect the rising cost of programming, particularly fees charged by sports networks and broadcasters," the rep said. In a letter dated Oct 2, Altice USA informed state regulators of price adjustments set to take effect Nov 1. The sports surcharge paid by subs to the Optimum Value or higher tiers will increase to \$6.97/month from either \$5.97 or \$4.97. Basic tier customers are not subjected to the surcharge. Additionally, Altice USA is expanding its broadcast TV surcharge to more customers. Currently only new broadcast basic residential customers pay the \$3.99 surcharge, but come November, existing basic customers will pay the fee as well. Disney and Altice announced an agreement on principle on Oct 1, releasing details on the pact last Thursday. The two avoided a blackout of Disney's cable channels, including **ESPN**, and **WABC** for some 2.6mln Optimum customers. The renewal agreement was executed in the early morning hours of Oct 5, with the MSO eliminating carriage of ESPN Classic from its lineup effective Oct 6. Optimum will add **SEC Network** next year and **ACC Network** when it launches in 2019. No word on what impact those additions may have on the sports surcharge.

Eyes on Viacom: Viacom shares closed down 4% Monday following **Citi Research** downgrading it to "sell" from "neutral," suggesting in a research note that **Charter** may drop or largely curb distribution. Citi cut Viacom's price target to \$24 from \$33, *Reuters* reported. Not everyone is as bearish. In a report issued Thursday, **JP Morgan** kept Viacom at \$36 with an "overweight" rating, noting ratings improvements at **MTV**, **Comedy Central** and **BET**. The firm did lower fiscal 2018 domestic affiliate estimates by 1.5%, saying it expects Charter to take on the cheaper **Time Warner Cable** rate card. **Guggenheim** has the company at a "buy" rating and a \$37 price target. Viacom reports 4Q17 earnings on Nov 16, which may offer a bit more perspective on how negotiations are going.

Hurricane Watch: On Saturday, the **FCC** granted an experimental license for Project Loon, led by **Google** parent **Alphabet**, to help provide emergency cell service in Puerto Rico. The Loon network is comprised of balloons that provide connectivity to users on the ground, with the project obtaining consent agreements to use land mobile radio (LMR) radio spectrum in the 900 MHz band from existing carriers operating within Puerto Rico. -- **Liberty Cablevision of Puerto Rico** tells us that the company has accounted for all its employees and has about 50 who received severe damage to their property. "Many challenges, but we have a very resilient workforce," an exec said. -- On Monday, a day after the **FCC** activated its Disaster Information Reporting System for Hurricane Nate, it deactivated the system at the request of **FEMA**. While communications providers do not need to report on restoration and infrastructure status, the Commission will continue to monitor communications services and work with providers as needed to support restoration efforts. The only report prepared by the FCC, released Monday morning, showed at least 1589 cable system and wireline subs out of service and no TV or radio stations down. Nate impacted parts of Alabama, Florida and Mississippi.

Either Or: **Nokia** introduced what it says is the cable industry's first virtualized Distributed Access Architecture, allowing operators to deploy both R-PHY and R-MACPHY devices within the same network and easily switch from one to the other. This eliminates the decision operators have previously had to make between the two approaches.

Esports Rising: **Hulu** struck a deal with **ESL**, bringing esports content to an SVOD service for the first time. The

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initial deal includes four series: “Player v. Player,” “Bootcamp,” “Defining Moments” and “ESL Replay.” ESL will develop and produce the shows, which cover every aspect of esports from athletic training to coverage of ESL’s tournaments. The deal comes at a time when, according to a recent **Nielsen** study, esports fans are spending 3.5 hours per week watching content on streaming services.

Deals: **Schurz Communications** completed a purchase agreement to acquire **Hiawatha Broadband Communications**. Hiawatha will keep its name, as well as its home base in Winona, MN. Pending regulatory approvals, the deal is expected to close on Dec 31. Schurz has cable, newspaper, publishing and digital media assets in Arizona, Indiana, Iowa, Maryland, Michigan, Nebraska, Pennsylvania and South Dakota.

Trump Tweets: The POTUS’ weekend tweets delved into **FCC** territory with *Trump* raising the specter of equal time. “Late Night host are dealing with the Democrats for their very ‘unfunny’ & repetitive material, always anti-Trump! Should we get Equal Time?” he wrote Saturday morning. The rule requires broadcasters (TV and radio) who give time to one candidate to grant a similar opportunity to another. It’s never been applied to late night monologues.

Fatal Accident: A **Comcast** bucket truck struck and killed a four-year-old girl Saturday in Holbrook, MA, *The Enterprise* reported. The town’s police chief said it wasn’t immediately clear how the crash happened, but that the girl had run out in the street.

Ratings: **Disney XD**’s launch of the “DuckTales” reboot ranked as the network’s top animated series launch in more than two years in total viewers (662K) and kids 2-11(311K). To date, DuckTales has reached almost 50mln total views, amassing 26mln total viewers via linear TV and 20mln views across social media platforms, with **YouTube** leading the way (14mln).

Programming: **TBS** is pushing back the premiere of “The Last O.G.,” a new comedy series starring *Tracy Morgan*. The net initially scheduled the debut for Oct 24, but is instead targeting Spring 2018 to capitalize on the net’s large audience during March Madness. -- **A&E** has postponed the premiere of “High School Undercover,” in which adults pose as teens in a Topeka, Kansas, high school. No word on when the show, which was supposed to launch Tuesday, will debut. -- **FX** said it will air an edited version of “American Horror Story: Cult” Tuesday in light of the Las Vegas mass shooting. Creator *Ryan Murphy* and producers decided to edit the opening scene to remove an occurrence of gun violence. The original version will be available on VOD platforms as well as FX non-linear platforms FXNow and FX+. -- **Disney-owned Lucasfilm** is debuting a trailer for “Star Wars: The Last Jedi” during halftime of “Monday Night Football” between the Vikings and Bears on **ESPN**. -- **HBO Sports** reached a new agreement with *Jim Lampley*, solidifying the broadcaster’s presence on the network for multiple years. Lampley serves as the voice for multiple HBO Boxing platforms, including “World Championship Boxing,” “HBO Boxing After Dark” and “HBO Pay-Per-View.” He’ll also continue hosting studio show “The Fight Game with Jim Lampley,” the next edition of which is set to premiere Nov 8 at 11pm.

Baseball Ratings: **MLB Network’s** two ALDS telecasts last Thursday and Friday averaged 2.7mln viewers, its second-best combined figure in the six years it has been airing a pair of Division Series games. That represents a 4% decrease from last year’s 2.8mln Division Series viewers, though the combined 2.3 HH rating was flat. Friday’s 13-inning marathon between the Indians and Yankees averaged 3.2mln P2+, delivering an 8.2 household rating in NYC and a 15.5 in Cleveland. A week-long free trial increased the net’s reach from its usual 62mln to an estimated 90mln. -- **TBS’** coverage of **MLB’s** two NLDS matchups—Cubs-Nationals and Diamondbacks-Dodgers—is averaging 3.2mln viewers through Game 2 of both series. That marks a 14% increase over last year’s comparable telecasts. -- **Fox Sports** RSNs averaged a 3.25 household rating for regular-season MLB coverage, a 5% increase from a 3.09 in the 2016 season. Fox’s RSNs carried the three highest-rated teams during the 2017 season: the Indians (8.33), Royals (8.00) and Cardinals (7.18). They also delivered the five largest YOY ratings increases in MLB the Yankees (57% on **YES**), Braves (54%), Brewers (35%), Diamondbacks (29%) and Indians (28%).

People: After nearly two decades at **ESPN**, *Jim D’Antoni* is coming to **DISH** as the company’s director of media sales. He’ll lead national ad sales efforts for general market and advanced advertising initiatives. Prior to joining ESPN, D’Antoni held positions at **Turner**, **Comedy Central**, **Bravo** and **AMC**. -- **Discovery Comm** said *Enrique Martinez* will retire as pres/managing director of Discovery Latin America/US Hispanic. He’s spent 24 years at Discovery, 17 of those in his current position. Martinez, a perennial on **Cablefax: The Magazine’s** Most Influential Minorities in Cable list, will serve in an advisory role in 2018 for Discovery Networks Intl. *Fernando Medin*, currently evp, gm for Brazil and the Southern Cone, has been promoted to lead the company’s DLA/USH division, effective Jan 1.



The Amazon Experiment

Amazon is fighting its battle for world domination on a number of fronts and, with the possible exception of drone delivery, its NFL streaming initiative has drawn the most attention. The digital behemoth's \$50mln foray into pro football consists merely of simulcasting 11 "Thursday Night Football" games, but it undoubtedly has grander ambitions in sports and entertainment.

"In many ways, this is still Amazon in the minor leagues," said **BTIG Research** analyst *Rich Greenfield*. "This is just the beginning."

After two games, reception to Amazon's efforts has been almost entirely positive. After a few early hiccups, the streaming technology has proven to be reliable. Viewership numbers haven't been eyepopping, with Weeks 4 and 5 producing average audiences of 372K and 391K, respectively. In context, however, the audiences are topping **Twitter's** comparable streams last season despite the fact that Amazon's streams are only available to Prime members.

"They've done a great job of marketing, not only to your core prime base, but also to just the general world," said **Octagon** svp *Daniel Cohen*, who heads up the sports marketing giant's newly formed media rights consultancy. "They've done a terrific job with the streaming technology piece; there were really no issues this past week, Week 5. And the overall audience numbers are pretty impressive."

Greenfield also praised Amazon's marketing of the product, pointing to shipping boxes designed to look like NFL footballs as an example of something only Amazon can do as a media partner. Both experts pointed to Amazon's global reach as a selling point to the NFL. Both games so far have drawn viewers in more than 180 countries.

"We can reach people all over the world in different languages, we can give you data on who's watching and who their favorite teams are," Greenfield said. "Amazon

creates a full-circle relationship for the NFL that's very important."

The value proposition of sports rights for Amazon is vastly different than that of a traditional media rights partner. Amazon svp, business development *Jeff Blackburn* said at *Vanity Fair's New Establish Summit* last week that the NFL streams are already driving new Prime subscriptions. In addition, the online retailer can also sell products to viewers during games based on the teams playing, as well as their individual buying history.

Amazon's role as a simulcaster provides an opportunity to prove to the NFL that it can provide a quality streaming experience for fans. With the NFL in the habit of awarding "Thursday Night Football" broadcast rights on a year-to-year basis (currently **CBS** and **NBC** split most of the package, with games simulcast on **NFL Network** and Amazon), Greenfield said it makes sense for the NFL to experiment by giving Amazon exclusive "TNF" rights in the near future as a trial for more valuable rights coming up for bid next decade. That's assuming things continue to go well this season, of course.

"If I was the NFL, I would want to know whether Amazon was up to the task of being the broadcaster of record rather than just as simulcaster well before we get to the big packages of next decade," Greenfield said. "You don't want to wait until 2021 to see if Amazon can do this or not."

Cohen, however, pointed out that despite all the talk of digital players emerging as legitimate bidders, they still lack the reach of linear TV and haven't shown a willingness to spend as much. Chalk the latter up to the fact that broadcasters and cable nets simply can't afford to lose premium content.

"From a rightsholder's perspective, it's still very early in the game to hand over exclusivity to any of these digital platforms," he said. "The reach isn't there yet and the dollars aren't there yet."

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TIP 2 : Be Selective!

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