

# Cablefax Daily™

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What the Industry Reads First

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## Full Steam Ahead: FCC Greenlights ATSC 3.0, Media Ownership Deregulation

The FCC's 3-2 vote in favor of relaxing media ownership rules and greenlighting the ATSC 3.0 broadcast standard came as expected Thursday...so what's next? Public interest groups are likely to mount a legal challenge to media ownership changes that remove the bans on newspaper-broadcast station cross ownership, as well as radio-TV station cross ownership. But ATSC 3.0, or Next Gen, is still in its infancy—so a wait-and-see approach seems likely. Some of this ground has been covered before during the transition to digital. In 2008, **C-SPAN**, **Discovery** and other cable nets sued over the FCC's dual carriage order, which required cable operators to carry digital and analog signals after the DTV transition to ensure that there was a viewable signal no matter what sort of TV viewers had. They were unsuccessful, with the court declaring they had failed to demonstrate that dual carriage inherently created harm. ATSC 3.0 presents a similar conundrum—it's not backward compatible, so broadcasters will need to simulcast 1.0 if they choose to implement the voluntary 3.0 standard. Cable's worried that could result in retrans shenanigans and decreased capacity. But with ATSC 3.0 still years away, critics would have a hard time showing harm. It's also important to note that ATSC 3.0 is completely voluntary, so the jury is still out on how many broadcasters will opt to move to the standard, which should allow for on-demand content, enhanced emergency alerts and other advanced features. Democratic members of Congress made last-ditch efforts to derail Thursday's votes, arguing that they favor the proposed **Sinclair-Tribune** merger currently under FCC review. The media ownership changes alleviate divestiture concerns for Sinclair, and the broadcaster owns key patents related to ATSC 3.0. FCC chmn *Ajit Pai* dismissed those moves, including a call for him to recuse himself and to have the Inspector General investigate whether he's acted to benefit Sinclair. "Elected officials can say anything and some do," he told reporters after the meeting. "In this particular case, my record is very clear," pointing to his long-held belief that the rules should reflect the media marketplace of 2017. Democratic commish *Jessica Rosenworcel*, who joined with colleague *Mignon Clyburn* in "no" votes on both items, declined to say whether she believed Pai should recuse himself. Pressed several times by reporters, she only would say some that members of Congress feel that way. "It's striking how many members of Congress have written requesting that. I don't remember in my history of working here that ever happening before,"

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she said. Following the 3-2 votes, Rosenworcel didn't discount the possibility of working in a bipartisan manner. Calling herself "an impatient optimist," she pledged to work to try and achieve compromise, revealing that there were discussions about edits and changes into the late hours of Wednesday night. "There are some ways in which we supported things today, and there were others where we came out clearly against it," she said. "But I won't give up trying to make changes and trying to convince my colleagues to see things a little differently and work with me in the process."

**In Other FCC News:** FCC chmn *Ajit Pai* declined to comment on reports that net neutrality might be on the agenda for next month's meeting. That would be in line with his timeline of acting on an NPRM approved in April that would rollback Title II regulation for ISPs. Thursday's meeting also included a 3-2 vote on steps to transform the Lifeline program, which provides connectivity support to low-income households. The order eliminates restrictions that barred Lifeline consumers from changing Lifeline providers and clarifies that Lifeline support is only available for mobile broadband at 3G or better levels (ie, no support for "premium WiFi services" that require a WiFi hotspot). The item also contains an NPRM that seeks comment on limiting Lifeline to facilities-based providers, restoring states to the approval process for eligible providers and setting a self-enforcing budget cap. The Commission unanimously adopted an NPRM that seeks comment on whether to eliminate or streamline Form 325 (which collects info about cable system operations). Cable systems with 20K+ subs and a sample of smaller systems provide annual data on general info and signal and frequency distribution data. Commish *Mike O'Rielly* questioned why the FCC didn't just go ahead and vote to eliminate the form, saying that the info is publicly available from various sources, including **SNL Kagan** and **Nielsen**. "In fact, it is unclear whether the FCC actually uses the data provided," he said.

**Viacom Guidance:** **Viacom** anticipates high single-digit declines in its domestic affiliate revenues during the first half of its FY 2018 (which began Oct 1 and runs through March 31). CFO *Wade Davis* during Thursday morning's earnings call attributed the grim outlook for the six-month period to rate resets, lower SVOD revenues and sub declines (a "lag" in the impact of **Charter** re-tiering won't help either). Davis projected improvement in the second half of FY18, resulting in a mid-single-digit decline for the full year. It seems that guidance spooked investors, as Viacom's stock dropped 8% to \$22.37 before the market even opened Thursday. The stock rebounded to \$23.69 by Thursday's closing bell. "The domestic affiliate fees sort of tainted the entire call," said **Wells Fargo Securities'** *Marci Ryvicker*. **Bernstein's** *Todd Juenger* added, "Given accelerating distribution losses and anticipated pricing pressure, we see it as very difficult for Viacom to get to positive revenue growth anytime soon." The concern comes despite the fact that Viacom actually beat 4Q17 revenue estimates, bringing in \$3.3bln (up 3% YOY). Viacom CEO *Bob Bakish*, who took over during 4Q16, expressed optimism about the programmer's trajectory. "If 2017 was about stabilization of Viacom, 2018 is all about acceleration," he said. Bakish, who has emphasized repairing and strengthening relationships with distribution partners since taking the reins, provided a few details about the terms of the company's new deal with Charter. Regarding the Charter pact and a deal earlier this year with **Altice USA**, he said, "We accomplished what we intended. We secured broad distribution as part of multifaceted agreements at rates consistent with other large distributors and with attractive rate escalators going forward. We continue to be overwhelmingly carried on basic tiers." The CEO noted the company shored up distribution for nearly 50% of its



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subscriber base in the past year and is now in the clear distribution-wise until 2019. Davis also touted co-production and advanced advertising partnerships built into the Charter deal, proclaiming Viacom is “leading this transformation of the nature of [distribution] relationships.”

**Changing Channels:** Amazon is abandoning plans to launch its own skinny bundle of broadcast and cable nets, according to sources cited by [Reuters](#). **Cablefax** confirmed Amazon will continue to focus on growing its Channels service, which currently consists of more than 140 OTT offerings, but is focused exclusively on channels it can distribute as a la carte offerings. -- Speaking of Amazon Channels, SVOD offering **Hallmark Movies Now** is coming to the service. Hallmark Movies Now's library is available for \$5.99/month and brings more than 800 hours of family-oriented content to subscribers, with refreshed offerings weekly.

**Stream City:** Almost 60% of TV homes in the US own at least one internet-enabled device capable of streaming to a TV set, totaling nearly 70mln homes, according to the 2Q 2017 edition of the **Nielsen Total Audience Report**. The penetration of these devices—such as smart TVs, **Roku**, **Apple TV** and **Amazon Fire TV**—grew by 12% since June 2016. Homes with these products tend to skew younger—nearly half have a head of household that is under the age of 45. Consumption of media overall—digital, TV and audio—increased by 30 minutes per day among all US adults. That's despite the fact that average TV consumption (live and time-shifted) decreased by an average of 17 minutes YOY.

**Making Waves:** **Wave Broadband** launched its 1 Gbps Internet service for residential and business customers through West Coast coverage areas in Washington, Oregon and California. The service previously was only available in apartment and condo buildings in Seattle, San Francisco and Portland.

**The Up and Up:** The 14 largest cable and telephone providers in the US gained around 380K net high-speed Internet subscribers in 3Q 2017. The data from **Leichtman Research** noted the 14 companies account for about 95% of the US broadband market. The top cable companies added about 540K subs in 3Q, 69% of the net additions earned in 3Q 2016. This demonstrates the decelerating rate of growth. The telcos saw a net loss of 155K subs in the quarter. In the first three quarters of 2017, cable has added about 2mln broadband subs, while telco has continued to suffer, losing about 430K.

**Adding Another Layer:** **Smithsonian Channel's** full 4K VOD library is coming to its first MVPD, **Layer3 TV**, at no additional cost to customers. Including 10 hours of 4K programming since April, Smithsonian is the first US net to offer a 4K on-demand model, refreshing its content quarterly. Layer3 first launched Smithsonian Channel in October. It has previously made 4K content a priority in marketing its video service.

**Down Under:** **CBS** completed its acquisition of **Network Ten**, one of three major commercial broadcast nets in Australia. The deal encompasses the flagship linear channel, multichannels One and Eleven and the Tenplay digital platform.

**Game On:** **TBS** announced a year-long mobile gaming partnership with **Google Play** around “Conan.” Throughout the year, Google Play will drive live-streaming, mobile-led marathons and brand integrations. It will also serve as the platform of choice to bring host *Conan O'Brien's* “Clueless Gamer” and “Stream Coco” shows to fans on all screens.

**Finding Focus:** *Cindy Pekrul*, svp and deputy controller for **Turner**, will chair Media Finance Focus 2018, the **Media Financial Management Association's** 58th annual conference for itself and its **BCCA** subsidiary. *Mike Lavey*, svp and corporate controller for **Tronc**, will serve as co-chair. The conference serves as a source of professional education for the media industry's business and credit management execs. The event will be held at The Hyatt Regency Crystal City in Arlington, VA from May 21-May 23.

**Class Time:** **WICT** is accepting applications for the Betsy Magness Leadership Institute's Classes 38 and 39 through Feb 21. The leadership development program takes participants through a program centered on skills such as implementing change, effective communication and executing organizational vision. Since 1994, more than 900 women have graduated from the program.

**Programming:** *Guillermo Diaz* plays prolific serial killer Rodney Alcala in **Investigation Discovery's** upcoming original movie “Dating Game Killer.” Airing Dec 3 at 8pm ET, it follows Detective Jim Hamill and partner Grey Ryan on their mission to put Alcala behind bars while his mother realizes he could be a murderer.

**People:** *Roberto Ruiz* has been promoted to evp, research, insights & analytics at **Univision**, effective immediately. This places him at the head of a newly formed team. -- *Maya Baratz* joined **Comcast NBCUniversal's** LIFT Labs Accelerator as managing director. She has previously worked as a digital product developer at **Flickr**, **WSJ** and **ABC/Disney**.

# PROGRAMMER'S PAGE

## Still Chilling

It takes some chutzpah to tackle “In Cold Blood,” the highly acclaimed *Truman Capote* novel that’s credited with launching the nonfiction novel and pioneering the true crime space. But filmmaker *Joe Berlinger* has never been one to shy away from risks. He’s probably best known for trilogy documentary series “Paradise Lost” about the West Memphis Three who were eventually released after more than 20 years in prison. To commemorate the 50th anniversary of the film iteration, Berlinger re-examines the story as a true-crime piece with “Cold Blooded: The Clutter Family Murders,” premiering as a two-night event Saturday at 9pm on **SundanceTV**. “It deeply influenced the kind of filmmaker I wanted to be,” Berlinger said. “As much as I revere the book, I was also aware of the Clutter family’s disapproval of the book and the impact this crime has had on their lives.” While Capote’s book and the subsequent film focuses more on the killers, the four-hour docuseries helps contextualize the crime and adds more dimension to the victims—a family of four in a small farming community in Kansas in 1959. “When we talk about true crime, we have to recognize this isn’t just a story. This is peoples’ lives,” Berlinger said. That’s a truth that should be kept especially sacred as the true crime genre explodes on TV and in podcasts. The family was reticent to work with Berlinger

throughout the process. “We were patient. They didn’t immediately say yes—far from it. Many members said no, but enough said yes to do the show,” he said. His hope is that the documentary will cause people to look at the crime in a new light. “My sympathy for the killers [that the book helped create] was replaced with revulsion for the acts,” he said. – *Amy Maclean*

**Reviews:** “Real America with Jorge Ramos,” premiere, 10 p.m., Tuesday, **Fusion**. The visuals are devastating as *Jorge Ramos* travels to Puerto Rico for the initial episode in this five-part series. It’s a hard-hitting look at Hurricane Maria’s devastation, but also an eye-opener for viewers unaware of the island’s poverty long before Maria hit. We’re looking forward to more from Ramos and this series. – *Seth Arenstein*

**Appreciation:** How many shows last 18 weeks? 18 months? How about 18 years? Longevity is only part of the legacy of **ESPN2’s** “Mike & Mike,” a morning sports staple for nearly two decades. Slightly built journalist *Mike Greenberg* and gargantuan, ex-**NFL** lineman *Mike Golic* were an unlikely pairing from the start, but they became arguably the most famous media duo in sports TV history. Their banter ends Friday with their final show. Entry into Cable’s Hall of Fame should be imminent. – *Seth Arenstein*

### WEEKLY RATINGS

Top 10 Cable Programs for 18-49s (L+SD) • 11-06-17 to 11-12-17

Rank	Program	Originator	Day Of Week	P18-49 Live+SD US AA%	P18-49 Live+SD US Share %	P18-49 Live+SD US AA Proj (000 s)
1	Walking Dead	AMC	Sun	3.9	12.3	“4,990”
2	NFL Reg Season	ESPN	Mon	3.8	14.1	“4,873”
3	College Fball	ESPN	Sat	2.2	9.5	“2,782”
4	Talking Dead	AMC	Sun	1.3	4.8	“1,656”
5	NBA Reg Season	ESPN	Wed	1.2	4.5	“1,512”
6	NFLN Thu Fball	NFL	Thurs	1.1	4.3	“1,405”
7	Love and Hip Hop	VH1	Mon	1.1	3.9	“1,396”
8	NFLN Thu Tball SUS	NFL	Thurs	1	4.8	“1,305”
9	Sportscenter 12AM	ESPN	Mon	1	5.7	“1,299”
10	Housewives Atlanta	BRAVO	Sun	1	3.3	“1,291” * Source: Nielsen



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