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What the Industry Reads First

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Final Countdown: The Latest Developments Ahead of Thursday's Vote

Democrats have been calling for a delay of the **FCC's** net neutrality vote for weeks. Now they have a Republican joining the chorus. "I urge you to delay your upcoming vote and provide Congress with the opportunity to hold hearings on the net neutrality issue and to pass permanent open Internet legislation," Rep *Mike Coffman* (R-CO) wrote in a letter Tuesday to FCC chmn *Ajit Pai*. Republicans have been in favor of Congress stepping in, but Coffman appears to be the first GOP member to call for a delay. A staffer said Coffman has been closely following the issue, and his letter came after hearing from constituents. The letter certainly doesn't mean he's lock-step with Democrats, with Rep *Ed Markey* (D-MA) declaring last week that it's time to litigate, not legislate, to protect the 2015 Open Internet rules. Coffman wants Congress to find a balance of "light-touch regulation" while "celebrating the same open internet protections that exist today." After Pai was recently spotted with a security detail, expectations are that Thursday's FCC meeting could be raucous. The agency released a notice for observing the meeting (which will be carried live on **C-SPAN3** and stream on **C-SPAN.org** as well as fcc.gov), describing the screening process and warning that signs larger than 11 inches by 17 inches will not be permitted in the meeting room or overflow rooms to avoid disrupting viewers. Another letter making the rounds Tuesday—signed by 37 Dems and two independents, including Sen Commerce ranking member *Bill Nelson* (D-FL)—urged Pai to "abandon this radical and reckless plan to turn the FCC's back on consumers and the future of the free and open internet." So far, there's no indication Pai's Restoring Internet Freedom order will be pulled from the agenda. In a cheeky move, Democratic commish *Mignon Clyburn* released her proposed edits to the draft order, deleting every word in the document except a few in various paragraphs to form the sentence: "After further review of the record, we affirm the 2015 Open Internet order." Rep *Mike Doyle* (D-PA) said he will introduce legislation—almost certainly DOA—that would reverse the FCC's order after its approval. Tuesday's net neutrality theater included **Sen Commerce** chmn *John Thune* taking to the Senate floor to commend the FCC's order and urge colleagues to take action to stop the back-and-forth on the issue. "If my colleagues on the other side of the aisle, and those who claim to support net neutrality rules, want to enshrine protections for consumers with the backing of the law, I call on you today to join me in discussing legislation to do just that," he said. The full-court press from both sides will continue up until the vote and, even then, it won't be completely over. On Wednesday,



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the heads of **NCTA**, **CTIA** and **USTelecom** have a media briefing scheduled where they will again explain their rationale for light-touch regulation and a commitment to an open internet.

Weekly Ratings: The Steelers-Bengals “MNF” matchup on **ESPN** was the most-watched cable program last week, averaging 4.5mln 18-49 viewers (L+SD), according to **Nielsen**. Not far behind was **AMC’s** “The Walking Dead,” which averaged 4.3mln for its midseason finale Sunday. The popular zombie series averaged 7.9mln total viewers, down 25% from 10.6mln for the mid-point last season. Yes, ratings continue to dwindle for TWD, but it’s still the biggest scripted show on TV after more than 100 episodes. Companion series “Talking Dead” delivered 1.7mln 18-49s, good enough for fourth place in the demo last week. Last month, **AMC Networks** CEO *Josh Sapan* reiterated the company’s support for TWD and pledged expansion of the franchise. **Fox News**, a lock for winning the year in prime and total day, once again won the cable prime ratings race, averaging 2.6mln P2+ for the week. It was followed by Christmas destination **Hallmark Channel** (2.5mln), whose original movie “The Christmas Cottage” drew 4.6mln total viewers Saturday—the highest cable program of the day for HHs and W25-54. **ESPN** (2.4mln), **MSNBC** (1.9mln) and **Freeform** (1.5mln) rounded out the top five cablers in prime. Fox News ranked highest in P2+ total day (1.6mln), followed by Hallmark (1.3mln), **MSNBC** (1.1mln), **Nick** (1mln) and **ESPN** (879K).

Virtual MVPD News: **Google** is making **YouTube TV** available in an additional 34 markets, bringing its total to 84. New markets include Baton Rouge, Buffalo, Colorado Springs, Fresno, New Orleans, Omaha, Toledo, Tulsa and Tucson. YouTube TV’s gradual rollout is unique among virtual MVPDs, most of which initially launched nationally. -- **Hulu** added more features to its in-browser live TV experience, including picture-in-picture and a more robust search. The company also added a My Stuff page, which allows users of the beta site to keep track of specific shows and content.

McCaskill on Sinclair: Sen *Clair McCaskill* (D-MO) urged FCC chmn *Ajit Pai* to strictly enforce the prohibition on a broadcaster owning more than one of the top four stations in a given market, specifically in reference to the **Sinclair-Tribune** merger. “I am concerned about the change that was adopted allowing a broadcaster to seek approval on a case-by-case basis for transactions that would violate this rule,” the senator wrote. Sinclair currently owns St. Louis-based **ABC** affiliate **KDNL** and plans to acquire local **Fox** affiliate **KTVI** from Tribune; both are top-four stations in the market. Tribune also owns local **CW** affiliate **KPLR**. McCaskill said Sinclair has shown a “stunning disregard for local news” in St. Louis, noting KDNL has “been without a newscast for most of the past 16 years.” In addition, McCaskill cited the 2013 **Gannett-Belo** deal as precedent, as it required the divestiture of a station in St. Louis to prevent one company from owning two of the top four stations in the market.

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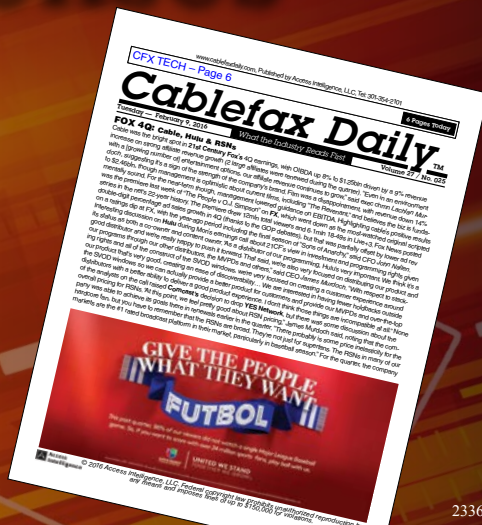
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In the Courts: A lawsuit against **BET Networks** and **Viacom** brought by former BET programming evp *Zola Mashariki* has been settled, according to court documents. “As head of original programming, Zola Mashariki brought fresh new content and top notch talent to BET Networks. We thank Ms. Mashariki for her many valuable contributions, and our thoughts are with her and her family as she focuses on her health. The litigation between the parties has been resolved. Neither party will make any further comment on this matter,” BET said Tuesday. Mashariki sued in March, alleging gender discrimination, hostile work environment, interference with protected medical leave, unequal pay and more. Mashariki’s complaint came after BET announced her departure from the company while she was recovering from breast cancer surgery. She also included former programming pres *Stephen Hill* as a defendant, accusing him of harassing her to damage her future at the network. Hill’s exit was announced at the same time as Mashariki’s.

Sports Growth: North America’s major sports properties are locked into their existing national rights deals through the start of the next decade, but revenue in the industry will continue to grow in the interim. **PwC** in its [annual Sports Outlook](#) predicted sports media rights revenue will grow at a compound annual growth rate of 4.3% over the next five years. Even in a relatively slow period for big rights deals, that projection would make media rights the fastest-growing revenue stream for the sports industry, ahead of sponsorship (4%), merchandising (3.1%) and gate revenues (2.3%). The firm also expects total sports media rights revenue to usurp gate revenues as sports’ most lucrative business segment in 2018. North American sports rights are expected to generate \$20.1bln in 2018, compared to \$19.6bln in gate revenues. “The value in live professional sports programming is there,” said *Mike Keenan*, a former **NFL** and Cleveland Browns exec who now manages PwC’s sports practice. “It gets ratings, people want to watch sports live, it’s DVR-proof, must-see TV—whatever you want to characterize it as, it’s popular. That’s what’s driving the growth.” In addition to annual increases built into ongoing deals, Keenan pointed to regional rights as a key growth driver in the next five years. During that time period, a total of 25 team deals with RSNs run off: 10 **MLB**, 10 **NBA** and 5 **NHL** (NFL teams only have regional deals for preseason).

Apple Picking: **Apple** hired **Hulu** head of business affairs *Philip Matthys*, according to [Variety](#), the company’s latest power move in the video space. The report stated Matthys actually started at Apple last month in the same role he occupied at Hulu. He reports to two other recent Apple additions in former **Sony Pictures Television** co-presidents *Zack Van Amburg* and *Jamie Erlicht*. The company also reportedly added **Legendary Entertainment’s Jenni-fer Wang Grazier**, who will start her role next month and report to Matthys. Former WGN America pres/GM *Matt Cherniss* also headed to **Apple** this year. [WSJ reported in August](#) that the tech giant budgeted 1mln to acquire and produce original content in the next year.

And The Award Goes To: The African American Film Critics Association released its 2017 Top-10 lists for film and TV, awarding **OWN’s** “Queen Sugar” the No.1 position in the TV category. **WGN’s** “Underground” secured second place. **HBO** had two honorees: “Insecure” at No. 3 and “The Defiant Ones” at No. 9. OTT found four spots on the list, with **Netflix’s** “Master of None” (No. 4), “Dear White People” (No. 7) and “She’s Gotta Have It” (No. 8) slotting alongside **Hulu’s** “The Handmaid’s Tale” (No. 6). The remaining slots were filled by **ABC’s** “Blackish” (No. 5) **Showtime’s** “Guerilla” and **FX’s** “Snowfall” (tied at No. 10).

Programming: **Showtime’s** “Homeland” is returning for a seventh season on Feb 11 at 9pm. *Claire Danes* and *Mandy Patinkin* will continue to star while *Morgan Spector* (“Boardwalk Empire”) has joined the cast. -- **BBC America** will air the world’s two largest darts tournaments, the World Darts Championship (Dec 14-Jan 1) and the Premier League (Feb 1-May 17). A total of 24 countries will compete for the Sid Waddell Trophy at the former, while Premier League Darts will showcase ten pros competing throughout Europe for the top spot at the end of 16 weeks. -- **Netflix** will roll out six original series from **DreamWorks Animation Television** in 2018, starting with “Trolls: The Beat Goes On!” on Jan 19. Several of the series capitalize on preexisting IP including DreamWorks animated films like “Boss Baby” and “Captain Underpants,” as well as throwback properties like “She-Ra.”

People: Tough negotiator *Melinda Witmer* is working with the other side. The former **Time Warner Cable** evp and chief video officer was elected to the board of **TEGNA**, which owns 46 stations in 38 markets. At TWC, she not only oversaw distribution operations, but she managed oversight of the company’s 40 regional and local news channels, including regional sports networks featuring the Lakers and L.A. Dodgers. -- *Miguel Monteverde* was named COO of video monetization platform **Rumble**. Most recently serving as svp of digital media at **Discovery Communications**, Monteverde will oversee day-to-day operations and secure partnerships for the company. -- **Viceland** promoted *Catherine Whyte* to evp and head of production, while boosting *Meghan Kirsch* to svp of marketing and creative. Whyte currently manages and is responsible for production of Viceland’s original programming and previously spent 11 years at **MTV Networks**. Kirsch has guided the network’s marketing strategy since June 2016.