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What the Industry Reads First

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Speed of Change: Media Deregulation Moving Too Fast for Some

One year into its media deregulation campaign, the **FCC** is forging steadily ahead, but the agency is suddenly receiving calls to slow down—calls from small town America and from the halls of Congress alike. Under chmn *Ajit Pai*, the Commission has approached media deregulation in both big and small ways, from dismantling broadcast ownership concentration rules to chipping away at information access rules in its “media modernization” initiative. Within the latter effort, it recently proposed scrapping a cable channel lineup filing rule, and in May it plans to send broadcast license posting rules to the chopping block. Regulators contend that this kind of information is readily accessible online, but not everyone is in such a hurry to cut more local ties to operators. Since 1972, cable operators have been required to keep a current listing of channels delivered to subscribers on file at their local offices. To many cable operators, the requirement is redundant and unnecessary. In suggesting doing away with it, **ACA** said that the rule seemed to be designed to make sure subscribers could compare channels they were supposed to receive with those they actually did receive. The service has evolved to the point that operators now compete to provide hundreds of channels, and competition requires them to make sure subscribers are aware of them. While viewers may not be strolling down to the local office to check their channel lineup, critics maintain that the information they seek is not always as readily available by other means as the FCC suggests. “The question here is about making sure there’s a public record for analysis of how these channel lineups are available over time,” said *Mike Wassenaar*, pres/CEO of the **Alliance for Community Media**. “It is not adequate to have it on a promotional website showing where the channels are right now. We think it’s in the public interest that there’s an auditable record.” Auditable channel lineup data accessible via online public inspection files hosted on the FCC’s website could possibly be a sufficient substitute for maintaining paper copies in local offices, Wassenaar said. However, the agency is also looking into eliminating the requirement that some operators maintain the data in those inspection files. When it comes to public access channels in particular, not everyone is easily finding the information they seek. For one thing, there remain spots in the country where viewers may not have broadband access, including communities in Vermont, said *Lauren-Glenn Davitian*, executive director of the **CCTV Center for Media & Democracy** in Burlington. “On its face, this rulemaking doesn’t sound like a terrible idea, but the FCC may not be taking into account that the whole country is not where

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Washington, DC, is in terms of technology access,” she said. “Why would you hasten this [deregulation] if it isn’t necessary?” Of even greater concern to Davitian, however, are a number of assumptions underlying the proposal. “There is an assumption in the proposed rulemaking that the electronic guide is a reliable source of information about the program line-up. In Vermont, it is not,” she said, complaining that the guide doesn’t necessarily have info for local channels, such as when the City Council is meeting. The issues arises in the midst of an ongoing battle between Vermonters and **Comcast** over PEG access channels and electronic program guide access. Comcast has brought its objections to certain requirements from the **Vermont PUC** to a federal court. Criticism regarding FCC assumptions about the timely availability of accurate information has shown up in other media modernization rulemakings. In January, the FCC proposed eliminating paper filing requirements for broadcast station ownership and operation contracts. An alliance of non-profits, including the **United Church of Christ** and **CWA**, argued that clear rules are necessary to ensure that the public has timely access to the data. “Simply expecting broadcasters to ‘actively maintain’ their online public files, as expected under the existing rules, is not sufficient,” the alliance said. “Absent a bright-line rule, many stations routinely and blatantly evade disclosure by protracted delay in disclosure.” In the proposed elimination of the cable channel lineup requirements, the FCC tentatively concluded that operators have an economic incentive to ensure that customers are able to find the channel information they need. For the Alliance for Community Media’s Wassenaar, the concern is that operators have an incentive to provide greater information about one’s own content than another’s in the case of vertical integration. He’s also worried that less info about public access channels could lead to lower viewership. “The idea that somehow the marketplace will take care of everything is fantastical,” he said. – *Caron Carlson*

Will T-Mobile/Sprint Happen This Time?: Plenty of opinion swirling over **T-Mobile’s** plan announced over the weekend to buy **Sprint** for \$26.5bln. There’s uncertainty over whether US regulators will give it the green light. After all, they’ve tried this before. House Dems have already requested a hearing on the deal. “The transaction would directly affect the 120mln wireless subscribers for the two companies, but it would also trigger ripple effects for everyone who uses a mobile phone. Considering that the combined company would be overwhelmingly controlled by foreign entities, this transaction also raises significant questions about foreign control of major players in the U.S. wireless market,” the Democratic leaders wrote. One argument for such a combination is the notion the companies can’t effectively compete now against **AT&T** and **Verizon**. “Given Sprint’s steadily shrinking market share and T-Mobile’s modest gains, there’s just no evidence for the idea that having two weak companies in lanes three and four is better for consumers than having a stronger third competitor,” said *Berín Szóka* of **TechFreedom**, which has voiced support of the deal. Both stocks fell sharply Monday. Some of the decline may be due to the stark picture Sprint and T-Mobile painted for their standalone prospects. But **New**

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Street Research suggested they may be presenting a conservative view to help their case with regulators. “The fact that [Softbank CEO Masayoshi Son] accepted this deal would seem to support the view that standalone prospects for Sprint aren’t great; however, we would argue that this increases the prospects of approval. It isn’t clear that it is enough to get the deal over the goal line; regulators may be willing to take their chances with a struggling Sprint; but the odds of success should go up,” said a research note from New Street. Softbank would end up with a minority stake in Sprint of about 27% if the deal is approved. The analysts noted that Son has shifted his stance in retaining control of the company and is willing to accept a 10:1 ratio today after rejecting an 8:1 exchange ratio four months ago.

Closing Arguments: As promised, closing arguments took place Monday in the DOJ’s attempt to stop AT&T from acquiring Time Warner. According to reports, the government asked the judge to consider partial divestitures and other remedies if he declined to block the merger outright. A ruling is expected to come before June 21, the deadline the two companies have in place for the merger.

The Bird and the Mouse: Twitter and The Walt Disney Company are partnering to create live content and advertising opportunities for the entire Disney portfolio on the social media platform. Twitter and ESPN will announce specific live shows in development for Twitter at their newfront presentations. Other members of the Disney family involved in the deal include ABC, Disney Channel and Freeform.

Exec Pay: Comcast CEO Brian Roberts’ total exec compensation for 2017 was at \$32.5mln, down slightly from \$32.96mln in 2016, thanks to dips in stock awards and non-equity plan incentive compensation. NBCU pres/CEO Steve Burke’s package dropped to \$46.5mln from \$46mln. According to the proxy filing, CFO Michael Cavanagh’s compensation package fell the most, dropping to \$20.1mln from \$25.7mln.

First Quarter Reviews: The record-setting nature of 2017 has rolled into Q1 2018, with media and telecom deal volume hitting another eight-quarter high. Deal totals rose to 244, 33% higher than last quarter’s numbers, according to PwC’s US Media and Telecommunications Deals Insights report. Varying in size and value, four deals exceeded \$1bln in value. The advertising & marketing and internet & information subsectors remained the most active, representing 33% and 19% of total deal volumes respectively. Cable joined internet & information when it came to actual deal value, thanks to significant megadeals like Altice NV spinning off its US division through a distribution in kind to Altice shareholders.

VR Transformations: Google is producing VR content for NBCU, giving fans new ways to experience content from “Saturday Night Live,” Bravo’s “Vanderpump Rules” and more. The duo will collaborate on at least 10 multi-episode VR productions. Future projects will include content from E!, Telemundo, Syfy, NBC and others. The projects will be coming to YouTube and can be viewed on the web or on any mobile phone.

Checked Flag: NBC Sports Group and the International Motor Sports Association have signed on to a six-year partnership to begin in 2019, giving the association’s flagship IMSA WeatherTech SportsCar Championship a new US broadcast home. Three races will be broadcast on NBC as part of the deal along with more than 45 hours of WeatherTech Championship coverage on NBCSN throughout the season. NBC Sports will bring more than 100 hours of coverage across broadcast, cable and digital platforms while the NBC Sports App and website will have live streaming coverage of every WeatherTech Championship race.

Viacom NewFront: Viacom Digital Studios was front and center at Viacom’s first-ever digital content newfront, announcing its upcoming slate of digital programming, platform partnerships and the expansion of VidCon. First up is BET sketch comedy show “The Majah Hype Show” and Comedy Central’s “You Up? With Nikki Glaser” for Facebook Watch. “Cooking in the Crib with Snooki” will come to MTV’s YouTube channel, while “The JoJo & BowBow Show” will bring a series of animated shorts from Nickelodeon. The presentation also covered new global deals with Snap and Twitter to carry original content from BET, Comedy Central and MTV.

New for Apple: FuboTV has launched the v4.0 version of its iOS app, introducing new features to further enhance the viewing experience. A “Start Over” button pops you back to the beginning of what you’re watching while “Look-back for Sports” allows you to catch most games that aired within 3 days before. Additionally, fans will have a place to stream and schedule cloud DVR recordings, an improved guide and revamped team color features for the app.

Programming: Travel Channel is taking a dive with ocean explorers Philippe and Ashlan Cousteau in “Caribbean Pirate Treasure.” Arriving on June 13 with back-to-back episodes at 10 and 10:30pm, the show will explore stories of shipwrecks and pirates across Bermuda, Puerto Rico and more. -- Premiering this fall on Disney Channel in the US will be “Star Wars Resistance,” an animated series centered on Resistance pilot Kazuda Xiono. It will become available on Disney XD and around the world following its debut.

Upcoming Events and Deadlines

Call for Entries / Nomination Deadlines

June 22: Program & Trailer Awards Entry Deadline

July 13: Most Influential Minorities Nomination Deadline

July 20: Most Powerful Women Nomination Deadline

September 7: Overachievers Under 30 Nomination Deadline

November 9: Tech Awards Call for Entries Deadline

December 7: Digital Awards Call for Entries Deadline

December 14: Top Lawyers Nomination Deadline

Cablefax Events

June 5: Faxies Awards Luncheon | Edison Ballroom, NYC

June 5: Cablefax 100 & Top Ops Celebration Dinner | Yale Club, NYC

October 16: Cablefax & NAMIC Diversity Breakfast | Marriott Marquis, NYC

November 8: Program & Trailer Awards Gala | Taglyan Complex, Hollywood

November 15: Most Powerful Women Luncheon | NYC

Cablefax: The Magazine Publication Dates

June 5: Cablefax 100 Issue

July 29: Top Ops Issue

October 15: Most Influential Minorities Issue

November 15: Most Powerful Women Issue

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