

Cablefax Daily™

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What the Industry Reads First

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Up Ahead: Fee Increases, Earnings & a Spin Coming for Altice USA

Altice USA has a number of fee increases set to take effect for **Optimum** and **Suddenlink** customers around June 1, with the changes varying by packages/services. They represent an average customer bill increase of 3.2%. “We are investing in our networks, services, and the overall customer experience, from launching our Altice One entertainment platform to the deployment of our fiber network, which we are actively building throughout our footprint. Our rates, like those of other pay TV providers, continue to be impacted by skyrocketing programming costs, of which we pass just a fraction of those rising costs along to customers,” the company said in a statement. Some of these fees cover increased programming costs. Optimum is boosting the sports surcharge for RSNs to \$7.97/month from \$6.97 (broadcast basic and economy customers aren’t charged this fee), while the broadcast TV surcharge meant to help cover retrans fees will increase to \$4.99/month from the \$3.99/month that new residential customers currently pay. Not all of the increases are about programming costs. Altice informed Connecticut regulators that the standard installation fee for Optimum will jump to \$99 from \$69, while the premium installation fee moves to \$129 from \$99. In Connecticut, the company’s also upping the service restoration fee for non-paying customers from \$4.99 to \$10 for single and double product customers (\$15 for triple-play subs), increasing the set-top box rental fee by \$1 to \$11 (doesn’t apply to existing commercial customers) and upping the CableCARD monthly rate to \$2.50 from \$2. Altice USA is set to report 1Q earnings on Wednesday, with analyst *Craig Moffett* noting that despite hitting most of its numbers, the stock is down 44%. Cable stocks in general have suffered over the past several months. He expects the dispute with **Starz** in the beginning of the year to have pressured subscriber metrics at Altice. “We’re still skeptical about Altice’s long-term growth prospects, particularly in their legacy **Cablevision** footprint. But Altice USA’s discount is something close to Armageddon,” said a research note from **MoffettNathanson**, which rates the company “buy” with a \$28 price target. “We’d rather own cable stocks when they are out of favor (as they are now) than when they are every investor’s darling...as they were last August.” In January, **Altice NV** said it would spin off the US business as part of a broad restructuring. That spin is not final yet, but the Q2 timeframe that was announced initially is still on track. In addition to an update on the spin,

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we're hoping management will discuss the proposed **T-Mobile-Sprint** deal given that Altice USA has a full MVNO deal in place with Sprint and plans to launch its mobile product next year.

Before the Vote: Senate Democratic Leader *Chuck Schumer* (NY) and *Sen Ed Markey* (D-MA) on Wednesday will officially file a discharge petition for a CRA resolution of disapproval of the **FCC's** Restoring Internet Freedom Order, setting the stage for a vote on the Senate floor. They're looking for one more vote to pass a resolution to reinstate net neutrality rules, with all 49 Senate Democrats supporting the resolution along with *Sen Susan Collins* (R-ME). The deadline for a Senate vote on Senator Markey's CRA is June 12.

Santa Clara Principles: On Monday, a coalition that includes the **Center for Democracy & Technology, Electronic Frontier Foundation** and **New America's Open Technology Institute** unveiled proposed minimum standards tech platforms must meet to provide adequate transparency. They're called the **Santa Clara Principles**, based on a conference held in February on the subject. The recommendations include having companies post the numbers of posts removed and accounts permanently or temporarily suspended due to violation of their content guidelines. The principles also call on companies to provide notice to user's whose content or accounts are taken down as well as to offer a timely appeals process. "The steps taken in recent weeks by companies like **Facebook** and **Google** to be more transparent about how much content they take down and why is a good start, but much more remains to be done. These companies are becoming the de facto arbiters of what content is allowed and not allowed on the internet, a dangerous power and an awesome responsibility that requires meaningful checks and balances," said *Kevin Bankston*, director of New America's Open Technology Institute. New America's corporate funders include **Facebook, Google and Netflix** as well as **Comcast**.

Mediacom Earnings: **Mediacom's** 1Q revenue rose 3.4% to \$478.4mln, with OIBDA up 2.5% to \$179.6mln. Total PSUs were up 4.8% YOY to 2.627mln, while customer relationships dipped 0.4% to 1.363mln. Mediacom lost 4K video subs vs 3K a year ago, while it gained 19K HSD customers and 18K phone customers. The operator continues to reduce debt, down \$233.8mln since March 31, 2017 to a net debt of \$2.51mln.

Poking into CPAC: The **FCC** general counsel may have signaled approval of the Republican commissioners' participation in **CPAC** earlier this year, but **House Commerce's** leading Dems aren't satisfied. They sent a letter Monday to the **Office of Special Counsel** requesting an investigation into *Ajit Pai, Mike O'Rielly* and *Brendan Carr's* involvement with the conference. Last week, Special Counsel found that O'Rielly violated the Hatch Act in advocating for President *Trump's* re-election at the event. OSC opted to send a warning letter in this instance, but warned the commish that further such actions would be considered a willful violation of the law. "In addition to your finding last

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week that Commissioner Michael O'Rielly did in fact violate the Hatch Act during his appearance at CPAC, the three Republican FCC Commissioners have also refused to cooperate with Congressional oversight into their promotion of and participation in CPAC," Reps *Frank Pallone* (D-NJ) and *Mike Doyle* (D-PA) wrote. They contend that the FCC general counsel letter on CPAC participation was legally misleading by selectively quoting from the Hatch Act and that it failed to address several of their questions.

Stream On: Streamers haven't given up on traditional TV. On the usual day, 93% of streamers watch traditional TV, according to the latest **Nielsen** Local Watch Report. The average streamer aged 25-54 watched 2 hours and 28 minutes of OTT content each day, but only 7% watched streaming exclusively. Approximately 47% of those streamers only watched traditional TV on a typical day while 46% consumed a mix of traditional TV and streaming. As of November, over 65mIn homes owned an enabled device capable of streaming content to a TV.

Done Deal: **NeuLion** closed its previously announced acquisition of sports and entertainment company **Endeavor**. Each share of NeuLion common stock that was issued and outstanding on May 7 was converted into the right to receive \$0.84 in cash, without interest and subject to deduction for required withholding tax. NeuLion common stock will be delisted from the Toronto Stock Exchange.

TV Watching Bender: **Comcast** says last month's binge fest known as "Watchathon" was record-breaking, with 105mIn hours of TV and movies consumed—up 36% YOY. The sixth edition of Watchathon Week holds the record for 2018 for new downloads of the Xfinity Stream app in one week, averaging about 14 downloads per minute and up approximately 20% from the week prior. This year was the first time Internet-only subs were invited to take part in the TV fest via the app and portal. The most-watched series was **HBO's** "Game of Thrones," followed by **ABC's** "Roseanne," **Showtime's** "Homeland" and "Billions" and HBO's "Westworld." Of the more than two dozen SVOD services that joined Watchathon this year, **Acorn TV, AMC Premiere, FX+, Lifetime Movie Club, Stingray Karaoke, Streampix** and **UP Faith and Family** were among the most-viewed of the week.

Ratings: **Velocity** hit a high in April with its 17th straight month of delivery growth in P25-54, P/M18+. It had its best April ever in P/M25-54, P/M18-49, P/M18+ and P2+, largely driven by the series premiere of "JDM Legends" on April 17. Velocity saw total day growth in M18-34 (50%), M18-49 (13%), M18+ (+23%), Persons (+29%), P18-34 (33%) and households (+27%).

APPetite: **Ovation TV's** OTT app **Ovation NOW** is now available on Apple TV (4th Gen), Android and iOS for iPhone and iPad, as well as Roku devices. It features the net's live linear feed as well as full VOD experiences for authenticated users of **DirectTV, DirectTV Now, AT&T U-verse, Comcast, Verizon, Frontier, CenturyLink, Google Fiber, WOW!, RCN** and more than 30 **NCTC**-affiliated companies.

Programming: **E!** gave a greenlight to two more seasons of "Total Divas," which features **WWE** female stars. Season 7 averaged 884K total viewers in L+3. -- **Travel Channel** is giving "The Zimmern List" a sophomore run, with production to begin in June. Since its March premiere, it's among Travel's highest-rated series with double-digital YOY rating increases. -- **AMC** ordered "Unapologetic with Aisha Tyler," a companion talk show for new original series "Dietland." It will debut June 4 at 11pm after two back-to-back eps of Dietland—a satire about Plum Kettle, a ghost-writer for the editor of one of NY's hottest fashion magazines. It moves to its regular timeslot of 10pm ET the following week.

International Deal: **Smithsonian Channel** launched Monday on **DirectTV** Latin America, the first provider to launch the net in the region. This is the latest passport stamp for US-based Smithsonian, which also has launched in Canada and Singapore.

Cablefax Top Ops: Congrats to **Cable One** and **ImOn, Cablefax: The Magazine's** MSO of the Year and Independent Operator of the Year, respectively. They will be celebrated along with our other Top Ops category winners at a dinner June 5 at the Yale Club in NYC and featured in the magazine's July Top Ops issue. View the entire list of Top Ops honorees, including MSO Regional Executive of the Year and Independent Customer Service Award, at our [website](#).

People: Three are rising through the ranks of **UP TV**. *Philip Manwaring*, who first joined UP in 2008, has been promoted to CFO and CTO. *Reta Perry* was promoted to chief administrative & operations officer, an expansion of her current role as general counsel. *Becky Courson*, now vp, controller, previously spent 15 years of her career at **Turner Broadcasting**. -- *Lauren Dolgen* is joining the **BuzzFeed** team as head of BuzzFeed Studios. She'll bring more than 20 years of experience from **MTV** and **Vice** to the position, overseeing the development of original productions for BuzzFeed partners across TV, SVOD and film and the company's slate of original digital series.