

Cablefax Daily™

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What the Industry Reads First

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Political Theater: CRA Gets Its Day in the Senate

In a 52-47 vote, the Senate voted Wednesday to pass the CRA resolution that could reverse the **FCC's** Restoring Internet Freedom Order. The key word is could, with the measure expected by many to die in the House. ISPs, who don't want to be regulated under Title II, would prefer not to be in this spot. It's an issue that has drawn a lot of public attention, with *Washington Post* tech reporter *Brian Fung* tweeting after the vote that "a #netneutrality story has *almost* as many readers on @washingtonpost right now as a story about *Meghan Markle*." While it was expected for Senate Democrats to join together in support of the CRA, three Republicans voted against party recommendations. *Sen Susan Collins (R-ME)* had previously said she would vote to overturn the FCC decision, but she ended up being joined by *Sens John Kennedy (R-LA)* and *Lisa Murkowski (R-AK)*. All three have been the target of heavy lobbying efforts on both sides, including radio spots from **Broadband for America** urging constituents to call their offices and urge a no vote. Murkowski said she has never supported Title II regulation and still doesn't, but voted to pass the resolution so the discussion can be "reset" and there can be "lasting legislation that will provide certainty and move us beyond shifting regulatory standards that depend on who is running the FCC." While **NCTA** would have preferred the CRA die, it shares Murkowski's desire for regulatory certainty through legislation. The association called the vote largely symbolic and fretted that it may actually weaken privacy protections at a time when consumers are growing more concerned about the issue. Along those lines, NCTA tried to shift the debate by questioning whether the CRA was addressing the wrong problem. The group highlighted a **Morning Consult** poll that found consumers would rather see Congress pass legislation protecting online privacy (73%) than net neutrality (23%). **ACA's Matt Polka** was direct, declaring the CRA will not be enacted. "Until such time that real 'Net Neutrality' legislation becomes law, customers of ISPs, particularly smaller ISPs, can rest assured they will be able to reach lawful Internet content of their choice and won't find their access blocked, degraded, or otherwise inhibited," read a Polka statement. **House Commerce** Republican leaders responded to the Senate action by declaring that Senate Dems objected to an amendment and draft bill that would prohibit blocking and throttling, while allowing specialized services and "reasonable" network management. "What we saw today demonstrates that Senate Democrats are only interested in scoring political points, not coming to the table for good faith negotiations," *Greg Walden (R-OR)* and *Marsha Blackburn*

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(R-TN) said in a joint statement. The other side of the debate? Well, they are already looking ahead to the House. **Fight for the Future** sent out donation requests shortly after the vote, asking for help replenishing the budget for the next round. The **ACLU** declared: "The House is on notice: It's time to act." *Gigi Sohn*, former adviser to ex-FCC chmn *Tom Wheeler*, urged people not to buy in to the belief that the resolution will die in the House. "Don't listen to the naysayers – momentum is on the side of those who favor restoring net neutrality now. We've seen the impossible become possible in past technology policy battles like the fight against the Stop Online Piracy Act and the successful effort to restore Title II of the Communications Act," said Sohn, a Distinguished Fellow at the Georgetown Law Institute for Technology Law & Policy and a Mozilla Fellow. "Cable ISPs privately admit that they are concerned. With Americans united and the 2018 midterm election less than six months away, the Joint Resolution has a real chance of passing."

Going Skinny: With its distribution deals secured for the moment, **Discovery** chief *David Zaslav* is turning his attention to getting onto every skinny bundle. Zaslav highlighted **AT&T** and its talk of developing a \$15 skinny bundle. "We're on every skinny bundle with every one of our existing distributors," Zaslav said at an investor conference Wednesday. "You can be sure that we have very significant protection that we will be a meaningful part of every skinny bundle they do, period." After looking globally, where there are reasonably priced sports offerings, Zaslav said he was surprised that there hasn't been an uprising from cable customers that are paying for overpriced sports channels that they'll never watch. "The only choice right now that people have is **Netflix** and **HBO**, or I'll pay \$50, \$60 or \$80 for a basic cable package," the CEO said. "The US has been overstuffed and overplayed with retrans and sports, and a lot of people out there are saying enough, time's up." When it comes to the new Discovery following the completion of its deal to acquire **ScrIPps Networks**, the free cash flow possibilities will allow the company to lower its leverage below 3.5x far ahead of its 2-year goal. "It makes us a free cash flow machine," Zaslav said. "Once we have that cash and we're less than 3.5x levered, we then have full flexibility to spend that cash on anything: investing in the stuff that's working, buying more assets, buying back our stock."

Resolving AT&T-Time Warner: The **DOJ** responded to an Amici Curiae brief filed by **ACA** and its member **RCN**, which offered another way to address any anti-competitive harms that they worry would arise should **AT&T** be allowed to acquire **Time Warner**. "Unlike the two prior motions for leave to file amicus briefs, which the court denied, the proposed RCN/ACA filing does appear to be relevant to the issues to this case, as the Court requested input with respect to alternative remedies," the DOJ response read. The brief filed encouraged the court to look beyond "all-or-nothing" remedies and instead adopt an enhanced arbitration and standstill process reflecting conditions adopted by the **FCC** in the merger of **Comcast** and **NBCU** in 2011. Specific notes included fixing the AT&T-Time Warner offer to cover all programming managed or controlled by the post-merger entity and the permitting of smaller

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distributors to use a bargaining agent for arbitration. ACA and RCN also recommended that distributors be provided with key programming data and information before submitting final offers, that the post-merger entity should not punish competitor's broadband subs and a mid-term review and adjustment should be made.

Densification over Spectrum: In its transition to 5G, **Verizon** has said its commitment to densification rather than the purchase of spectrum has placed it in a much better position. Densification is something Verizon did after the AWS3 auction, opting for it as a way to add capacity to its network without buying spectrum. "At that point, the cost of densification was decreasing," Verizon evp and CFO *Matt Ellis* told attendees at an investor conference Wednesday. "At the same time, the cost of spectrum was increasing. There was going to be a time when those two numbers would cross." In some parts of the network, the densification will allow Verizon to not put a 5G antenna on every 4G site that it has today. The company announced Tuesday that L.A. will join Sacramento as one of the 3-5 cities in which Verizon will begin to launch 5G, and consumers in these areas should expect an offering that is "broadband-centric." "As more and more consumers get their entertainment needs OTT, that broadband connection becomes more and more important in the home," Ellis said, adding that he expects for Verizon to offer a traditional video offering in an OTT format at launch. Ellis expects that they will join with a third-party for that offering, but it will be constantly morphing as the launch continues to roll out.

FCC to Tackle Spectrum, Rural USF Contributions: Despite a blog post from chmn *Ajit Pai* promoting the **FCC's** June open meeting as a "summer blockbuster," the agenda just couldn't compete with a highly publicized Senate CRA vote that drew headlines like **Wired's** "This is Ajit Pai, Nemesis of Net Neutrality." The FCC voting on a Third Report and Order and Further Notice in the Spectrum Frontiers proceeding just lacks that sizzle. Still, it's a pretty important item as it tees up rules for multiple bands of spectrum, including establishing performance requirements for IoT networks and proposes making spectrum in the 26 GHz and 42 GHz bands available for flexible wireless use. Also on tap for June is a vote on an order that would relieve small, rural carriers from having to making USF contributions based on the revenues of broadband offerings. "This essentially means rural companies (hence their customers) have to pay broadband taxes that others don't have to pay," Pai wrote in his blog. The June agenda includes two items on satellite technologies, including expanding the market access of O3b Limited so that it can use 26 additional satellites to offer broadband to Americans.

Turner Upfront: It's all in the marketing, and **Turner** paired its programming with a commitment to giving greater results for advertisers. Turner will debut **Turner Ignite Studios**, a brand studio focused on the creative coming from Turner's entertainment properties. It joins **CNN's** brand studio **Courageous** and **Turner Ignite Sports**. It also is expanding its **AudienceNOW** solution to include cross-screen targeting across Turner's digital properties using full episode players. For its TV audience-targeted deals, all of Turner's future agreements will run through the **OpenAP** consortium. Turner has brought limited commercial interruption to **TNT**, **Adult Swim** and **Turner Sports**. Soon it will also come to select CNN shows. Turning to programming, Adult Swim has greenlit a pilot of "Three Busy Debras" and a new *Harvey Birdman* special. CNN will add six new original series in 2019 while TNT is launching a new franchise with "The Suspense Collection," which will begin with the *Patty Jenkins*-directed limited series "One Day She'll Darken (wt)" and "Tell Me Your Secrets." Soccer broadcaster *Kate Abdo* is joining Turner and **Bleacher Report** as a studio host for its UEFA Champions League coverage.

Staying Foxy: **21st Century Fox** executive chmn *Lachlan Murdoch* was tapped as the chmn and CEO of the proposed new "Fox" to be formed following approval of the transaction between 21CF and **The Walt Disney Company**. *Rupert Murdoch* will serve as co-chmn while current 21CF CFO *John Nallen* is set to take on responsibilities as Fox's COO.

Internet Essentials: **Comcast's** Internet Essentials is launching a campaign with the members of the **Conference of Western Attorneys General** to address challenges that families face when they head online. Building off of an effort that began last year with Pennsylvania Attorney General *Josh Shapiro*, the company will work with the Arizona and New Mexico AGs to raise awareness about online safety. Comcast is also offering a grant to nonprofit **Connect-safely.org** to develop a multimedia Internet safety toolkit for use by other states, to be distributed on the Internet Essentials Learning Portal. Comcast is also supporting other nonprofits including the **Family Online Safety Institute**, **Common Sense Media** and **Older Adults Technology Services**.

Talking Tech: **NCTA's** *Michael Powell*, **CableLabs'** *Phil McKinney* and **SCTE-ISBE's** *Mark Dzuban* will make their first joint panel appearance at SCTE-ISBE Cable-Tec Expo in Atlanta this October. The trio will be featured in an opening general session panel on innovation, deployment and ROI moderated by **Comcast Cable** pres, technology and product, *Tony Werner*.

Think about that for a minute...

Seeing the Light

Commentary by Steve Effros

Slowly but surely the vista of the Milky Way seems to have entered my home. There are red giants, white dwarfs and all sorts of other tiny colored lights greeting and blinking at me as I enter a room at night. It's all become a little much.



The printer has a red light telling me it's ready to go, and a blue one for WiFi. The computer switch has a little white logo lit up on the power switch. The uninterruptible power supply has the old, standard red dot telling me it's on. Of course if the power goes off, then it starts making horrible sounds and flashes unreadably small icons on a screen to purportedly let me know that the power has failed. Something I already knew. The rest of the house was powerless!

The newest color seems to be blue, in all sorts of shades. That may be because our efforts at STEM have yet to yield a lot of female consumer electronics engineers, and most of the men, like me, have some level of blue blindness. The difference between "dark navy" and black has always eluded me, for instance. Anyway, the wireless telephones all have a blue circle letting you know that they are in their recharging stands. The cellphone sits on a power disk that turns its clear edge blue to let you know it's charging, and now (you knew we had to get here) my new cable boxes have a blue line all the way down the small side of the mini box.

Oh, of course the new digital television sets all come through these days with a little light on them. Not sure why. If I turn on the television I know it's on. If I don't, the screen is black. Why have a little light turn on when I turn off the set? Do they think I'm going to forget it's there? Or even worse, why have one

turn on when I turn on the set so it distracts from the marvelous picture I spent lots of money to view, absent distracting extra lights!

And speak of distraction, that blue cable box light? Yes, I know, it lets you know the box is on instead of in power saving mode, or off, or whatever, but I could easily find that out by turning on the set. And yes, the engineers have been considerate, given the circumstances, so if you drill down through all the menus you have three different intensity levels, including "off" you can set that light to. Which is exactly what I did, particularly in the bedroom; I set it to "off." But wait! It's three in the morning. Suddenly the blue light bar, at full intensity, strobes! It starts to flash, admittedly at lower brightness than the first flare, but for the next 78 seconds (I counted) it blinks once a second, in my bedroom, at 3am, to let me know it's updating the program guide data! Can't turn that off. STEM can't come soon enough.

So let's go back in time: when VCRs first came out no one could figure out how to program them. The clock on the front would simply sit there and flash 12:00am over and over. Finally the manufacturers actually included a cardboard piece to simply put over the electronic screen so consumers could have some peace. Flash forward, as it were, to the manically strobing lights on the modem. The new solution: black electricians tape. It works wonders!

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)



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