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What the Industry Reads First

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On Tap: FCC Prepared to Loosen Leased Access Rules

The FCC is going to try its hand as revising leased access rules again—but this time in cable's favor. *Ajit Pai* has circulated a draft Report & Order to be considered at June's open meeting that, among other things, eliminates the requirement that cable operators make leased access available on a part-time basis. The agency also will seek comment on whether the leased access requirements can withstand First Amendment scrutiny today in light of changes in the video programming marketplace. Leased access rules, created to help promote diversity and competition in video, direct cable operators to set aside channel capacity for commercial use by third parties. **NCTA** has argued they are unnecessary today, pointing to how anyone can create their own financially-viable content channel on **YouTube** or via **Facebook Live**. "These rules have largely been in place since the '90s, when many of us were still getting content from the New Releases section at **Blockbuster**. Back then, these rules were defended as necessary to ensure that even those programmers without a cable company could distribute their content to the public," FCC gen counsel *Tom Johnson* said at a **Media Institute** lunch Wednesday. In addition to the order, the FCC also will seek comment on modifying the leased access rate formula so that fees are calculated based on the tier the programming is carried on. It also asks what the FCC can do to ensure cable ops are adequately compensated for admin costs. **NCTA** and **ACA Connects** have encouraged the FCC to eliminate part-time leases, and permit cable operators to establish minimum per day purchase requirements for leased access. Generally, leased access is used for infomercial, home shopping and religious programming. The FCC attempted to revamp leased access rules in 2008, approving regulations that would have made leased access more onerous for cable ops by requiring them to provide a host of new data in response to requests to lease channels. However, those rules never went into effect with **NCTA** granted a stay by the 6th Circuit and **OMB** declaring they violated the 1980 Paperwork Reduction Act. "The glaring problem with our leased access rules is that they've been in legal limbo for over a decade and haven't been updated to account for the transformation of the video marketplace," *Pai* wrote in a blog post. "Programmers now have a wide range of options for distributing their content, including a plethora of online platforms, so the need for burdensome leased access rules have dramatically diminished."

All About Ads: Ah, the upfronts continue... Or as *Conan O'Brien* put it Wednesday, it's "the Oscars for people who love



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PowerPoint.” **WarnerMedia** took the upfront stage in NYC for the first time under **AT&T**, using the event to address the importance of advertising and its new blended strategic direction. “You’ll see some familiar faces on stage today, but make no mistake. We are a new company,” said CEO *John Stankey*. “New resources, new ambitions and a new approach to the market.” He confirmed during the presentation that the company’s upcoming streaming service will include an advertising component in its second phase. “We know video consumption is changing,” said Stankey. “We strongly believe in the two-sided business model that supports both subscription and advertising, and offers consumers the breadth and exceptional value that they demand in their entertainment experience. It’s time for a rebirth and innovation in the advertising model.” Sales chief *Donna Speciale* came in with data to back up the claims, declaring that for every dollar spent in an average WarnerMedia ad campaign, clients saw a 112% return in ad spend. “Our audience conversations cannot be restricted to linear. Our brands live everywhere because our content isn’t a nice-to-have, it’s a need-to-have,” she said. “When you add VOD and digital to your plan, you extend your reach by 22%. Connected TV inventory has grown 84% YOY.” Under AT&T, WarnerMedia can now transact within 170mln consumer relationships, Speciale added. Ahead of the DTC launch, the company is making less of a distinction between **TNT**, **TBS** and **TruTV**. TBS is adding in drama, with the thriller “Snowpiercer” premiering on the net instead of originally-planned TNT. TBS has already ordered a second season of the series starring *Daveed Diggs* and *Jennifer Connelly*. “You’ll begin to see a more integrated approach to our whole ecosystem. The addition of our new streaming connection, plus each of our network’s assets, distinct audience profiles and massive reach all working together will be an equation that few, if any, are able to match,” said *Kevin Reilly*, chief creative officer for the upcoming streaming service as well as TNT & TBS pres. Upfronts are naturally full of boasting, so leave it to TBS host O’Brien to inject some humility. “Because this is AT&T, after the show there will be a terrible reception. Because it’s AT&T, the after party only has two bars,” he quipped. “You’re looking at a man with very little time left in the industry.”

Investor Notebook: With **Scripps** fully integrated into the **Discovery** family, Discovery pres/CEO *David Zaslav* is confident that the company has set the building blocks to maintain its leadership in the unscripted space. But he still says it’s still up in the air as to whether they made the right bet. “Rupert sold because he wasn’t at the top of that pyramid anymore,” Zaslav said at an investor conference Wednesday. “In the meantime, we were everything else. And we’re convinced that side is really crowded, really expensive and really cluttered... This is our next transition. Now the question is with all this global IP that we own, more than any other media company in the world, is it really valuable because it’s differentiated and has passion groups around the world, or is it not so good because all people want is scripted and movies?” Where Zaslav believes Discovery has built massive opportunity is in the properties it has that people want to interact with.

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Aspiring chefs are watching the channel, going to the website and paying attention to advertisements for cookware from famous chefs. "It's a transactional opportunity. Watch and do," he said. "That's where we think we're different. We're the leader in recipes created by the best chefs around the world." -- Now that **Altice USA** has mostly integrated **Suddenlink** and **Cablevision**, the company is moving its focus to its new growth initiatives: mobile, its fiber-to-the-home buildout, its space in the advertising market and the continued rollout of the Altice One platform. When it comes to broadband, CEO *Dexter Goei* said Wednesday that usage has been growing at 25% each year. Base speeds are close to 200 Mbps on average with 50% of the company's gross additions coming in at 300 Mbps. "When we showed up with the Cablevision and Suddenlink products, we were under 100Mbps on average per customer, so that's accelerated extremely quickly over the last three years and we don't anticipate that slowing down, which is why we're continuing to invest in our network," Goei said. And while the FTTH deployment continues, Altice is 1 gig ready on most of the Suddenlink footprint and will be fully 1 Gig ready on the DOCSIS plant on the Optimum footprint this year. It is also promising to be 10 gig ready next year on its FTTH homes, even though DOCSIS could easily handle its highest average usage speeds. "DOCSIS, the technology, albeit very good technology, continues to require investment in the plant and a consistent upgrade of the fiber plant, so we figured out that consistent year-over-year investment didn't make sense when you could go straight to FTTH," Goei said. "Not only does the FTTH from a bandwidth perspective offer best-in-class technology today and will be 10 gig ready next year, it has a large impact in terms of service rates on the customer base." Today, 40% of Altice's service calls relate to in-house wiring. Because Altice is going fiber to the CPE in the home, it will bypass in-house wiring.

Everybody Hates Robocalls: FCC chmn *Ajit Pai*'s latest attempt to diminish the scourge of robocalls is to let phone providers block unwanted calls to their customers by default. "By making it clear that such call blocking is allowed, the FCC will give voice service providers the legal certainty they need to block unwanted calls from the outset so that consumers never have to get them," said Pai, who has circulated a declaratory ruling for the Commission to vote on at the June 6 open meeting. The chairman believes providers have held off on using call blocking tools out of uncertainty over their legality. Blocking could be based on analytics and consumer "white lists." He's also put forth a proposal seeking comment on how call ID authentication standards (SHAKEN/STIR) can inform call blocking. Democrat commish *Jessica Rosenworcel*, in testimony before the **House Commerce** committee Wednesday, complained that the agency has done too little to fix the problem—a notion shared by Commerce chmn *Frank Pallone* (D-NJ). "I sincerely hope it is not too little, too late," she said of Pai's plan. Several entities, including **Comcast** and **ACA Connects**, expressed their support. "This is a big and bold proposal by the FCC that can bolster our industry's cutting-edge call blocking and authentication efforts and do something important: stop unwanted calls from reaching consumers in the first place," said **USTelecom**.

On the Hill: **House Commerce** will hold a hearing next Wednesday on a infrastructure bill from Democrats that designates \$40bn for the deployment of broadband. Of that total, \$30bn would be awarded by the **FCC** to unserved areas through a national reverse auction, with the remaining \$10bn to be allocated to states to conduct their own reverse auctions. Other broadband components of the bill include \$5bn in federal funding for low-interest financing of broadband infrastructure deployment.

More Upfronts: The **WarnerMedia** Upfront came chockful of programming news, including a competitor to **WWE**. **All Elite Wrestling** signed a deal with WarnerMedia for a weekly show on **TNT** primetime later this year. The inaugural May 25 event will be available on **B/R Live** and PPV. The net ordered "Shaq Life," starring four-time **NBA** champ *Shaquille O'Neal* in a behind the scenes look into his life. **TBS** greenlit "Chad" from SNL alum *Nasim Pedrad*, who will star as a 14-year-old boy navigating his first year of high school in a mission to become popular. "Full Frontal with Samantha Bee" alum *Amy Poehler* has been given her own, currently untitled half-hour show, which she will write and star in. The net also ordered a second season of comedy "Miracle Workers" and a third of "The Last O.G." -- **Freeform** continues to make diversity a priority, with pres *Tom Ascheim* noting that 60% of its episodic directors are female, diverse or LGBTQ, 75% of series writers are female or diverse and 100% of original series have a female producer. The net renewed "Siren" for a third season and announced three new original series: "Motherland: Fort Salem," "Party of Five" and "Everything's Gonna Be Okay." "The Simpsons" will be coming to the net this fall, ahead of its debut on **Disney+**. "It's going to be an incredible addition to our lineup, it's one of the great fringe benefits of the merger," Ascheim said.

ACC Network: With Wednesday 100 days out from **ESPN's** launch of **ACC Network**, the programmer released its schedule for the first three weeks. ACC Net's inaugural game will see defending national champ Clemson take on Georgia Tech (Aug 29, 8pm). There are five games in Weeks 1 and 2, including Utah State at Wake Forest (Aug 30, 8pm) and Miami at NC (Sept 7, 8pm). Week 3 features Kansas at Boston College (Sept. 13 at 7:30 pm). **Altice USA**, **DirectTV**, **Google Fiber**, **Hulu Live**, **PlayStation Vue**, **TVision** and **Verizon Fios** have reached deals to carry ACC Net.

Think about that for a minute...

Live!

Commentary by Steve Effros

That's "LIVE" as in "Live, from NY, it's Saturday Night Live!" And, of course, many of us don't watch it "live." We don't seem to be any worse the delay. Yes, it's true, for those millennials, or XGens, or Zgens—I've lost track—who are tweeting or Facebooking at the same time they are watching the program that's not true. But I think it's time we started to ask whether that's such a bad thing.

OK, I admit, a bit of a roundabout way of getting to a serious topic, but I think it makes a point. The topic is as serious as they come; what do we do about the abuses that are repeatedly confronting us with "live" action shots, for instance, of crazy folks using military weapons to kill innocent churchgoers? That's what happened in New Zealand, with the racist nut advertising minutes in advance that he was going to upload the entire abhorrent event "live" on the internet. He did. The social network had almost no time to respond and the gruesome filmed result spread around the world.

To be sure, within less than a half hour the principal servers that contained the original footage had taken it down. But by then it was too late. Others, presumably in harmony with the deranged shooter, had made copies and were making them available all over the web. Everyone agrees this should not have happened. Everyone seems concerned that the dissemination of this sort of horror leads to other deranged minds possibly wanting to emulate what happened. Everyone agrees that the very fact that this was all seemingly tailor-made for social network distribution has to be prevented. But how?

In last week's column I started the conversation, which is going to be long and complicated, about whether platform providers, rather than being "neutral" should



in fact be far more proactive in exercising their editorial judgment. That seems to be the trend in thinking right now. But, again, how?

Sure, they can "ban" folks who can be recognized as "bad actors," but what about folks like the guy in New Zealand who were yet to be identified? What about "immediate" events that happen so quickly even the best editorial system can't catch them in time? Well, it seems to me we have to start considering the whole issue of time. Does "uploading" always have to be live? Is that critical to the information being distributed?

The answer is yes, in some instances, like a fire sweeping through the California hills. Then seconds count. But editors could "clear" situations like that pretty quickly. I think most of what is communicated need not be live. Maybe there should be the equivalent of the "five second delay" on television (although a lot longer) to catch bad stuff before it spreads. Sure, there will be some mistakes, and this is just an opening idea in the ongoing thought exercise I am engaging in on all these subjects. What do you think?

A follow-up from last week's column on the role of the major edge platform owners... If you haven't read it already, you should really take a look at the [opinion piece](#) Chris Hughes, one of the founders of Facebook, wrote in the New York Times last week. He calls for the breakup of Facebook, and while there's lots to consider about that, it's one of the best pieces of writing I have seen which clearly lays out the issue of the powerful edge providers becoming, possibly, too powerful. It's definitely worth reading.

Steve

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