

CableFAX Daily™

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What the Industry Reads First

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FCC Friday: E-Rate for WiFi Approved on Straight Party-line Vote

There have been nearly 20 votes since *Tom Wheeler* became the chmn of the **FCC**, and most of them were unanimous. However, Fri's vote on his proposal to use E-Rate funding to expand WiFi for schools and libraries isn't one of those. Despite strong opposition from the 2 Republican commissioners as well as from numerous lawmakers, the agency passed the plan 3-2, allowing \$2bln in funding for WiFi from existing E-Rate money for schools and libraries. For the following 3 years, the program will target \$1bln annually to WiFi, while continuing to fund broadband connections to schools and libraries. The problem, according to GOP commish *Ajit Pai*, is that the last public accounting of unused funds in E-Rate showed only \$600mln was available, with \$200mln needed this year just to meet demand, leaving the WiFi program \$1.6bln in short. As the commander of the USS Enterprise told *Tom Cruise* in *Top Gun*, "Son, your ego is writing checks that your body can't cash," he said. Wheeler's plan to free up funding for WiFi entails phasing out support for non-broadband services such as pagers and phones and through increased efficiencies. Fellow Republican *Michael O'Rielly* warned the Commission's order would lead to "a funding cliff for schools and libraries." In addition, he called the process used for the E-Rate item unacceptable. Despite multiple meetings with Wheeler's staff, his suggestions were ignored, he said. Pai also complained that he didn't receive a draft of the order until shortly before the vote. Wheeler brushed off the criticism during a press Q&A session following the meeting. "What happens in negotiations is back-and-forth... There's a difference between negotiating and changing principles. We stuck with our principles," he said. While he would consider lifting the cap on E-Rate's budget, changing the fund's structure would have to happen first, he said. "It would be a mistake to simply add money to a program that was set in the 20th Century," he said. Wheeler has **Comcast** on his side. "This action to use E-Rate funding in a balanced and integrated way to deliver true high speed Internet service to schools and libraries and to ensure that broadband service is disseminated throughout school facilities to classrooms, coupled with the Commission's decision in March to make 100 MHz of spectrum available for Wi-Fi, represents an important step toward realizing the promise of the Administration's ConnectED initiative," evp *David Cohen* said in a statement. **Sen Commerce** chmn *Jay Rockefeller* (D-WV), who had voiced some initial concerns about the E-Rate plan, seemed OK with the item's approval. "Although I have not seen the actual text of today's item, I appreciate that the FCC has heard many of my

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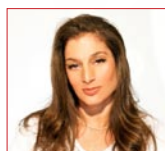
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concerns and the concerns of those on the front lines of the E-Rate program,” he said in a statement. “By making modifications to address these concerns, today’s action is a positive step forward in modernizing E-Rate.” Rockefeller, who was key to creating E-Rate in 1996, initially worried about the WiFi proposal’s potential impact on funding for broadband as well as the plan to use per-student or per-square-foot funding calculations. Two CA Democrats, *Doris Matsui* and *Anna Eshoo*, also backed the move. The plan “smartly increases the presence of Wi-Fi in classrooms...” Eshoo said. Republican pair House tech subcmte chmn *Greg Walden* (OR) and vice chmn *Bob Latta* (OH) disagreed. “The chairman did not need to do it this way. Deliberations at the FCC need to include all commissioners. Period.” said Walden. In addition, when commissioners weren’t given enough time to review the proposal before the vote, “there has been a colossal breakdown of process, collegiality, and trust that should characterize the work of the commission,” he said.

Closed Captioning: The vote that approved closed captioning rules during the FCC’s Open Meeting Fri was a lot less controversial compared to E-Rate. While Republican commish *Ajit Pai* concurred with the 3 Democratic commissioners, fellow Republican *Michael O’Rielly* gave approval to parts of the order. The order would extend the agency’s IP closed captioning rules in 2012, which cover full-length videos online, to video clips if the original programming was shown on TV with captions. The new rules apply to distributors that air programming—including broadcasters and cable and satellite distributors—on TV and then post clips of that program on their own website or via their own mobile app. The new rules don’t extend to third party websites or apps. Compliance deadlines vary based on the type of video clip. The Jan 1, 2016 deadline applies to “straight lift” clips (a single excerpt of a captioned program with the same video and audio that was aired on TV), while the Jan 1, 2017 deadline applies to “montages” (when a single file contains multiple straight lift clips. In addition, the July 1, 2017 deadline applies to video clips of live and near-live programming, such as news or sporting events.

Net Neutrality: ISPs won’t like this. Title II reclassification is still on the table as the FCC works to restore net neutrality rules, chmn *Tom Wheeler* said during a press conference following the agency’s Open Meeting Fri. “It [Title II] is something we are not afraid to use...” he said. In addition, if paid prioritization hurts consumers, competition and innovation, “we are against it.” There have been 647K comments filed on net neutrality, he noted. On Fri, the FCC denied a request for more time to file comments and reply comments in the Open Internet rulemaking. Comments in the highly watched docket are due on Tues. *Nickolaus Leggett* made the request, arguing that the Commission’s staff is not large enough to “carefully read and process the flood of comments from the public in the available time.” Last month, heavy traffic on the FCC’s electronic filing comment system lead to technical problems. The FCC said Leggett failed to state a reason why interested commenters would be unable to meet (or face difficulties) meeting Tues’ deadline. Leggett described himself as a certified electronics technician and Extra Class amateur radio operator.

Need More Time: On Fri, the FCC granted ACA’s request for a 1-week extension for parties to file reply comments in the agency’s NPRM on proposed regulatory fees for FY14. Comments had been due Mon, but ACA said additional time would more fully develop the record given the numerous responses in the proceeding. Reply comments are now due July 21.

Tax Break: The House voted Fri to make permanent a tax break, the Permanent Extension of Bonus Depreciation. NCTA chimed in with its applause for the chamber’s passage of It remains to be seen if the Senate will be willing to go this route, with lawmakers currently seeking to expend the bonus depreciation break for just 2 years.

Ratings: “Pawnography’s” debut on **History** Thurs drew 2.82mln viewers, making it the net’s #1 new series premiere for 2014. From the producers of “Pawn Stars,” Pawnography is a half-hour game show in which contestants compete against each other and the cast of The Pawn Stars with money and items from Rick’s personal collection on the line. -- Another day, another World Cup record. ESPN’s telecast of Wed’s Netherlands-Argentina match (0-0 tie) ranks as the highest-rated and most-viewed World Cup semifinal match ever on any US network. It averaged a 4.3 HH rating and 6.8mln viewers, surpassing the previous record holder Brazil-Germany from Tues, July 8.

HBO at TCA: The architects behind HBO’s industry best 99 Emmy nominations made running a network sound fairly straightforward during their TCA session late Thursday—quality content dominates. Asked about various show formats—self-contained series, minis, one-offs, traditional series—chmn/CEO *Richard Plepler* and pres, programming *Michael Lombardo* said repeatedly quality writing and acting were the most important factors at the Box. They also scotched reports that “Game of Thrones” author *George R.R. Martin* is working on a series-ending movie. “That’s way down the road,”

Plepler said. "There are no discussions" about a movie, Lombardo added. Moreover, HBO has no intention at this time of killing *Thrones* after season 6. The series has been renewed for seasons 5 and 6. Earlier in the day, *Thrones* pulled in the most Emmy nominations of any show. And reports of the death of *Larry David's* "Curb Your Enthusiasm" might be premature. Apparently David emphatically told Lombardo at an event the other night that the series could return. If and when David wants to return to HBO, "he'll always have a home here," Lombardo said. -- On the heels of *Dave Grohl's* successful doc "Sound City," about a legendary studio in southern CA, the Foo Fighters drummer and Rock and Roll Hall of Famer decided to film recording 8 songs in 8 different American cities. The studios he explores in the HBO series "Foo Fighters: Sonic Highways" (premieres in Oct) are epic, he assured critics. "To me, these recording studios are like—they're hallowed ground. They're churches. They're monuments to me. Some people just think they're rooms with tubes and wires," but there's real history there, he said. -- "Olive Kitteridge" writer and executive producer *Jane Anderson* recounted the challenge of adapting a great piece of literature to screen. "My job was to look at the essence of this fabulous book that had no dramatic narrative whatsoever. It was the hardest assignment I've ever had because I think there's the rule... the greater the piece of literature, the harder it is to adapt to television," she said.

Viacom at TCA: MTV has greenlit "Catfish: The TV Show" for a fourth season, the net's head of programming *Susanne Daniels* announced. Meanwhile, "Finding Carter," a family drama about a teen who discovers the loving person she believed to be her mother actually abducted her as a toddler, premiered July 8 on the network. In the series the teen girl is reunited with her biological mother, who after losing her daughter became a cop—but that doesn't mean it's a cop show, executive producer *Terri Minsky* assured critics. "There's a bit of police work but it's not procedural by any means." -- Like the popular film "Adventureland," MTV's "Happyland" (premiere TBD) is set in a theme park. But creator *Ben Epstein* said they were going for something much grander in scale than the film's "rinky-dink" park. Then there's the stuff that actually happens at these parks: Being mind-altered while in costumes, people having sex on rides—that sort of thing. "A lot of it is scandalous in nature," Epstein said. -- Gotta love the diversity of TCA. After a presentation of "Virgin Territory" (July 16 premiere, MTV), a series whose provocative title will mislead some viewers, **VH1** offered clips of the upcoming "Dating Naked," (July 17 premiere), a 4-part docu-series that promises to explore the difficult choices young adults face around sex and relationships. MTV programming chief *Susanne Daniels* said her first reaction upon hearing about the series "Teen Mom" was that it sounded "exploitative," although she later changed her opinion. In fact, one of the morning's panelists was *Sarah Brown*, CEO, The National Campaign to Prevent Teen and Unplanned Pregnancy. VH1 also rolled out a couple of celeb-driven reality projects that will premiere on July 17: "LeAnn & Eddie" following the married adventures of *LeAnn Rimes* and *Eddie Cibrian*, and "Candidly Nicole" starring *Nicole Richie*. Interestingly, **Gurney Prod** of "Duck Dynasty" fame produces LeAnn & Eddie, giving it a definite comedic tone as Richie and Cibrian offer an alternative narrative to the tabloids. "Eddie and I have really coped with it by laughing," Rimes said, joking that "we wanted to ruin our marriage, so that's why we went into this." Meanwhile, Richie's articulate answers to critics' questions was quite the contrast to her reality character. "I'm definitely the butt of the joke... and that's a space I'm comfortable in," she said, arguing that the show's start as a web series was the perfect training ground. "This is the most in control and empowered I have ever felt in my entire career," she said.

Deals: Block Comm will buy **MetroCast Mississippi**, a rural cable system with more than 45K residential and business customers in 15 counties. The deal is expected to close later this year. MetroCast is a subsidiary of **Harron Comm**, which operates in 9 states. Last week, Block acquired **Line Systems**, a suburban Philly business communications provider.

News & Baseball TVE: **CNNx** launched Thurs to subs from **Comcast, DirecTV, DISH, AT&T U-verse, Verizon FiOS, Cablevision, Cox** and **Charter**, as well as 200+ additional TV Everywhere partners. CNNx lets authenticated users access 24 hours of programming and select VOD segments. -- **Fox Sports Go** will offer the 1st-ever live stream of the **MLB All-Star Game**, starting at 7:30pm ET, July 15. It'll feature the English Fox Sports broadcast and Fox Deportes' Spanish telecast.

Programming: **Lifetime** ordered drama pilot "The Clan of the Cave Bear," based on *Jean Auel's* series of best-selling novels. *Ron Howard, Brian Grazer* and *Allison Shearmur* will exec produce. The project is targeted for a potential 2015 launch.

Pentagon Channel Rebrand: **The Pentagon Channel** will cease operating as an independent brand, but **Defense Dept** broadcast offerings will continue to be made available as "DoD News." The new **DoD News Channel** will provide up-to-date news and information 24/7 on relevant issues in the Defense Department. The channel will continue to originate from Defense Media Activity's (DMA) HQ in Ft Meade, MD.

People: *Sameer Deen* was upped to svp, multi-platform distribution and strategy for **Scripps Networks Interactive**.

On the Circuit: **Arris** chmn/CEO *Robert Stanzone* will keynote the **WICT Tech It Out Conference** on Sept 23. The event will be held alongside **SCTE's Cable-Tec Expo**.

CableFAX Week in Review

Company	Ticker	7/11 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
DIRECTV:	DTV	86.32	0.45%	24.99%
DISH:	DISH	65.84	(0.8%)	13.67%
ENTRAVISION:	EVC	5.93	(7.63%)	(2.63%)
GRAY TELEVISION:	GTN	12.71	(7.56%)	22.57%
MEDIA GENERAL:	MEG	22.18	(1.29%)	(1.86%)
NEXSTAR:	NXST	50.21	(3.63%)	(9.9%)
SINCLAIR:	SBGI	34.17	(4.82%)	(4.37%)

Company	Ticker	7/11 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	18.12	(0.93%)	1.06%
CHARTER:	CHTR	162.27	(0.09%)	18.65%
COMCAST:	CMCSA	54.55	(0.64%)	4.96%
COMCAST SPCL:	CMCSK	54.23	(0.37%)	8.72%
GCI:	GNCMA	11.09	(1.86%)	(0.54%)
GRAHAM HOLDING:	GHC	725.53	(1.48%)	9.38%
LIBERTY GLOBAL:	LBTYA	44.37	(0.74%)	(29.53%)
LIBERTY INT:	LINTA	28.49	(4.56%)	(2.93%)
SHAW COMM:	SJR	25.61	(1.73%)	5.22%
TIME WARNER CABLE:	TWC	148.88	(1.08%)	9.87%

Company	Ticker	7/11 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
21ST CENTURY FOX:	FOXA	35.64	(1.57%)	1.34%
AMC NETWORKS:	AMCX	60.75	(3.43%)	(10.81%)
CBS:	CBS	61.35	(4.59%)	(3.75%)
CROWN:	CRWN	3.55	(6.82%)	0.57%
DISCOVERY:	DISCA	78.59	2.64%	(13.08%)
DISNEY:	DIS	86.89	0.06%	13.73%
GRUPO TELEVISIA:	TV	34.72	(2.75%)	14.74%
HSN:	HSNI	56.05	(4.6%)	(10.03%)
LIONSGATE:	LGF	28.58	(2.09%)	(9.73%)
MADISON SQUARE GARDEN:	MSG	61.22	(1.72%)	6.32%
SCRIPPS INT:	SNI	81.55	(0.01%)	(5.62%)
STARZ:	STRZA	28.78	(3.75%)	(1.57%)
TIME WARNER:	TWX	72.29	1.26%	3.69%
VALUEVISION:	VVTV	4.60	(10.68%)	(34.19%)
VIACOM:	VIA	85.44	(2.55%)	(2.65%)
WWE:	WWE	11.78	(1.83%)	(28.95%)

Company	Ticker	7/11 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
ADVANTAGE:	AEY	2.60	(5.11%)	(3.35%)
ALCATEL LUCENT:	ALU	3.46	(4.16%)	(21.36%)
AMDOCS:	DOX	47.38	0.81%	14.89%
AMPHENOL:	APH	96.59	(1.26%)	8.31%
AOL:	AOL	40.27	(2.75%)	(13.62%)
APPLE:	AAPL	95.22	1.27%	(83.03%)
ARRIS GROUP:	ARRS	31.41	(3.29%)	29.05%
AVID TECH:	AVID	7.82	3.03%	(4.05%)
BROADCOM:	BRCM	37.78	2.50%	27.42%
CISCO:	CSCO	25.52	1.31%	13.78%
CONCURRENT:	CCUR	7.39	(0.81%)	(9.55%)
CONVERGYS:	CVG	20.70	(4.52%)	(1.66%)
CSG SYSTEMS:	CSGS	26.41	3.53%	(10.17%)
EHOSTAR:	SATS	51.79	(1.3%)	4.16%
GOOGLE:	GOOG	579.18	(0.95%)	(48.32%)
HARMONIC:	HLIT	7.13	(4.81%)	(3.39%)
INTEL:	INTC	31.25	0.35%	20.38%

Company	Ticker	7/11 Close	1-Week % Chg	YTD %Chg
INTERACTIVE CORP:	IACI	65.24	(5.45%)	(4.97%)
JDSU:	JDSU	12.18	(3.56%)	(6.24%)
LEVEL 3:	LVLTL	44.79	0.74%	35.03%
MICROSOFT:	MSFT	42.09	0.69%	12.51%
NIELSEN:	NLSN	48.63	(1.78%)	5.97%
RENTRAK:	RENT	52.67	(4.22%)	39.01%
SEACHANGE:	SEAC	7.98	1.27%	(34.38%)
SONY:	SNE	16.66	(1.07%)	(3.64%)
SPRINT NEXTEL:	S	8.55	(0.58%)	(20.47%)
TIVO:	TIVO	13.34	0.76%	1.68%
UNIVERSAL ELEC:	UEIC	49.07	(1.96%)	28.76%
VONAGE:	VG	3.56	(6.81%)	50.21%
YAHOO:	YHOO	35.43	(1.96%)	(12.39%)

Company	Ticker	7/11 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	35.76	(0.22%)	1.71%
CENTURYLINK:	CTL	36.77	1.91%	15.45%
TDS:	TDS	25.24	(4.1%)	(2.09%)
VERIZON:	VZ	50.32	1.23%	2.40%

Index	Value	% Chg	YTD %Chg
MARKET INDICES			
DOW:	DJI	16943.81	(0.73%) 2.21%
NASDAQ:	IXIC	4415.49	(1.57%) 5.72%
S&P 500:	GSPC	1967.57	(0.9%) 6.45%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. BLNDER TONGUE:	0.93	9.41%
2. CSG SYSTEMS:	26.41	3.53%
3. AVID TECH:	7.82	3.03%
4. DISCOVERY:	78.59	2.64%
5. BROADCOM:	37.78	2.50%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. VALUEVISION:	4.60	(10.68%)
2. ENTRAVISION:	5.93	(7.63%)
3. GRAY TELEVISION:	12.71	(7.56%)
4. CROWN:	3.55	(6.82%)
5. VONAGE:	3.56	(6.81%)

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