

## **Comcast Expanding X1 Device Lineup With IP-Only Client, Next-Gen Gateway**

By: [Jeff Baumgartner](#)

The evolution of Comcast's X1 video platform continues to take shape as the operator begins to introduce a small IP-only client device and moves forward with the development of a next-generation gateway device that can anchor the service.

Comcast confirmed last week that it has begun to roll out the Xi3, an all-IP HD video client for the X1 platform, in select markets around the country.

A Comcast official said the MSO is deploying the new Pace-made device slowly in a number of unidentified markets, and added that Comcast expects the device to become "widely available across our footprint in Q1 or Q2 of next year."

The X1 platform is currently being anchored by the XG1, a hybrid (MPEG/IP) HDDVR that Comcast is sourcing from Arris and Pace. The new Xi3 model will serve as a multi-room companion to XG1 and work with Comcast's new Cloud DVR product.

Postings on the DSL Reports message board also turned up evidence that Cisco Systems is among the suppliers working on a new version of an X1 gateway called the XG2.

A Comcast official confirmed that the image is a rendering of a future iteration of the XG1 gateway, but declined to detail the technical specs or when Comcast expected to make it available.

A person familiar with the initiative said that iteration is a headed gateway that won't feature internal DVR storage, meaning it will likely work with Comcast's Cloud DVR or support attached storage. Comcast has previously said future X1 device models would support HEVC/H.265 compression that can decode native 4K/Ultra HD signals.

- See more at: <http://www.multichannel.com/comcast-expanding-x1-device-lineup-ip-only-client-next-gen-gateway/385221#sthash.EjKzdZxb.dpuf>  
Multichannel News

## **As Subs Decline, Cable One Begins Downplaying Video**

By: Mike Farrell

### **TakeAway**

**Seven months into its carriage dispute with Viacom, Cable One has signaled it may be exiting from — or at least de-emphasizing — its video business.**

Entering the seventh month of its carriage dispute with Viacom, Cable One said its video business has “less value and emphasis,” indicating that the small-market operator may be contemplating exiting from or at least downplaying its video business.

Cable One ended the third quarter with 476,233 basic-video customers, a loss of about 14,076 subscribers. That is a slight improvement over the 14,643 basic-video subscribers it lost in the third quarter last year and vastly better than the 34,000 it lost in the second quarter of this year.

Cable One threw down the programming- cost gauntlet on April 1, opting not to accept a carriage proposal from Viacom that it believed was too costly. As a result, 15 Viacom-owned networks — including MTV, Nickelodeon and Comedy Central — went dark to Cable One customers in about 19 states.

Cable One at the time said it did not believe its customers valued the Viacom channels so highly.

While the third-quarter results could indicate subscriber losses are beginning to level off, Cable One said the video customer count is down about 15% since the third quarter of 2013, and said the video business is not as desirable as it used to be.

“Due to rapidly rising programming costs and shrinking margins, video sales now have less value and emphasis,” Cable One owner Graham Holdings said, noting that “programming costs have been reduced significantly.”

Cable One spokeswoman Patricia Niemann did not return calls for comment by press time.

Cable One, operating in markets such as Odessa, Texas, and Winslow, Ariz., has been de-emphasizing video for years: one of its most popular packages bundles about 50 channels with high-speed Internet.

Companies like it and Seattle-based Wave Broadband are focusing less on video programming and more on building gateways to let customers tap into over-the-top services, including Netflix, via their home DVRs.

Pivotal Research Group principal and senior media and communications analyst Jeff Wlodarczak said that for smaller operators, making video a lower priority is almost inevitable.

“Scale matters in cable,” he said, and some smaller operators might be hoping to get swooped up in the consolidation wave that is expected after the Comcast-Time Warner Cable merger is completed next year.

“I don’t think it is, frankly, a great idea to get out of the video business, but smaller operators such as Cable One are in between a rock and hard place,” Wlodarczak said. “If they push back and stop carrying programming, they run the risk of losing their high per-capita income video subscriber. If they don’t [push back], they will have to continue to raise their video prices and lose their more price-sensitive pay TV subscriber to alternatives. If I were a small cable player, your best move right now, before you lose a material percentage of your video subscribers, is to sell out.”

- See more at: <http://www.multichannel.com/subs-decline-cable-one-begins-downplaying-video/385222#sthash.17n3i8fb.dpuf>

Multichannel News

## **FCC: Cable ‘Everywhere’ Could Travel Over the Top May Also Help MSOs Shake Off Must-Carry Mandate** 11/03/2014 8:00 AM Eastern

By: [John Eggerton](#)

WASHINGTON — Federal Communications Commission chairman Tom Wheeler may have brushed back cable operators’ business model in pitching his proposal to define linear over-the-top video providers as MVPDs, but he is also at least tentatively proposing to let operators remake that model, potentially without must-carry obligations to carry TV stations.

According to FCC sources with knowledge of the Notice of Proposed Rulemaking (NPRM) circulated last week, it tentatively concludes that a cable operator who offers a nationwide over-the-top service would, at least in terms of that service, be treated as an over-the-top multichannel video programming distributor (MVPD), rather than as a cable MVPD.

There is no must-carry obligation for the new class of over-the-top linear MVPDs, as there is on cable operators, the source said. The FCC in the NPRM only asks which, if any, of the other MVPD obligations should apply to OTTs, according to the source.

The item tentatively concludes that any program services a cable operator offers nationally online should not be regulated as cable services. Instead, such services would fall under the new OTT category, since the operator wouldn’t be offering the online video product as a managed service over its facilities.

Cable operators’ traditional managed service would still be considered a cable MVPD, but the online service would be considered an OTT MVPD.

For instance, if Comcast were to deliver its TV Everywhere everywhere — not just to authenticated subscribers in its franchise areas — it could do so without a must-carry requirement or, potentially, other obligations.

That could spur the migration of traditional cable to an online model, which is where the FCC assumes everything is moving anyway. It would also mean cable operators would be able to start competing against one another on a national basis, rather than divvying up territories due to the expense of duplicating plant — which, in turn, could spur the kind of robust video competition among virtual “cable” operators, as well as traditional cable operators and other competitive MVPDs, that Wheeler has been trying to promote.

But if Wheeler was looking to give cable operators a boost, it was hard to tell from the rhetoric in his blog promoting the proposal. (See Viewpoint.)

His mantra may have been “competition, competition, competition,” but had a subtext of a la carte and program withholding aimed at cable operators’ s business model.

He said MSOs had been making consumers buy channels they didn’t watch, and were “locking” up programming that the FCC was now attempting to make available to online competitors. The point of the move was to make sure that OVDs had access to that programming, Wheeler said.

Whether the OTT is a cable operator or a competitor, as MoffetNathanson partner and senior analyst Craig Moffet pointed out in an advisory to investors, the move would not guarantee access to all programming, only to content owned by cable, satellite or telco distributors that also own networks. That means a bunch of major programmers would still be able to keep their programming to themselves.

“The rights to carry Disney’s or CBS’s programming will still have to be negotiated, and for any programmer other than those owned by vertically-integrated distributors (Comcast ... and Comcast ... and some owners of regional sports networks ... and Comcast) those rights can be withheld without limitation,” Moffett said.

David Wittenstein, a partner in law firm Cooley LLP’s Technology Transactions practice group, agreed. “The program- access rules don’t reach

programmers that aren't vertically integrated (e.g., Disney, Fox, Viacom, Turner)," he said.

But that is where the "competition, competition, competition" mantra comes into play. "Once linear OTTs are served by the vertically integrated programmers," Wittenstein said, "it's likely that the other networks would consider selling to them too."

Moffett warned against overstating the importance of the NPRM — and not just because there is a lot that can happen between a notice and the passage of a final order, including lots of time.

He made note of one perhaps more subtle, but important, aspect to the proposal that circles back to Wheeler's competition mantra: broadband pricing. OVDs that mimic MVPDs will be "legal competitors" to cable, Moffett said, and Wheeler is trying his best to encourage cable competition as a way to give consumers more choice and lower prices.

While usage-based pricing or charging for interconnection are arguably reasonable pricing mechanisms for a transport network, Moffett said, it could be argued that those same mechanisms "self evidently" harm OVD competitors because they raise end-user prices.

- See more at: <http://www.multichannel.com/fcc-cable-everywhere-could-travel-over-top/385223#sthash.nbZo5lRw.dpuf>  
Multichannel News

# Mozilla, FCC Discuss Hybrid Net Neutrality

11/03/2014 8:00 AM Eastern

By: [John Eggerton](#)

WASHINGTON — Executives from Mozilla have met twice over the past two weeks with Federal Communications Commission general counsel Jonathan Sallet to talk about its proposal to create a hybrid Title II/Section 706 approach to legally sustain new Open Internet rules.

The nature of the meetings suggests that FCC chairman Tom Wheeler may be rethinking his proposal along those lines.

The FCC has signaled that a hybrid approach under the Telecommunications Act of 1996 is among the variations it is considering in the effort to recraft no-blocking and no-unreasonable-discrimination Internet rules thrown out by the U.S. Court of Appeals for the D.C. Circuit earlier this year.

Mozilla, a free online software community that produces the Firefox Web browser, has suggested that the FCC treat the connection between an ISP and a remote edge provider (REP) or to an individual subscriber for an implied fee as a Title II service, or a utility-style common-carrier service. It then suggested that the for-a-fee link between an ISP and the end users of all those REPs be regulated as an information service under Section 706 of the Telecom Act.

Under that regime, Mozilla suggested, the FCC could prevent blocking or throttling in the relationship between ISPs and edge providers under Title II. It could prevent anti-competitive paid priority on the last-mile, consumer-facing side under Section 706, by presuming that paid priority is a violation of the anti-unreasonable discrimination rule — but making it a rebuttable presumption with a high bar.

The D.C. Circuit's holding that "broadband providers 'furnish a service to edge providers' " left open the opportunity for such a hybrid response by the FCC in recrafting the rules, the Center for Democracy and Technology has argued.



“It is appropriate for the commission to consider this edge-facing service as a distinct offering warranting distinct analysis,” the CDT said, adding that would give the FCC new impetus for applying nondiscrimination the rules to mobile broadband, which it did not do in the previous Open Internet order.

A report in *The Wall Street Journal* that the FCC was indeed redrafting the rules along the lines of the Mozilla/CDT proposal was not greeted warmly by Free Press, an advocate for regulating the Internet under Title II.

“This Frankenstein proposal is no treat for Internet users, and they shouldn’t be tricked,” said Free Press president Craig Aaron. “No matter how you dress it up, any rules that don’t clearly restore the agency’s authority and prevent specialized fast lanes and paid prioritization aren’t real net neutrality.”

FCC spokesperson Kim Hart said, “The chairman has said that all Title II options are under serious consideration, including proposals by Mozilla, CDT and others.”

- See more at: <http://www.multichannel.com/mozilla-fcc-discuss-hybrid-net-neutrality/385224#sthash.gALk24RR.dpuf>

Multichannel News

# OTT is Dead \* \* Long Live OTT

Why A La Carte Streamed Networks Will Never Fly 11/03/2014 8:00 AM Eastern

By: [Mike Farrell](#)

## TakeAway

**Analysis Despite the breathless coverage of over-the-top video plays by HBO and CBS, the pay TV programming bundle is far from dead.**

With each new announcement of a service going “over the top” of traditional cable systems, investors and consumers, persuaded by the national media, start to believe the breathless confirmation that this time we are witnessing nothing short of a TV revolution — a new way to buy and watch the medium.

When HBO and CBS recently unveiled plans, the august *New York Times* called the moves “a watershed moment for Web-delivered television, where viewers have more options to pay only for the networks or programs they want to watch.” Not hardly.

The reality is much more mundane, and if the cable industry doesn’t make strategic missteps, the bundle will continue to dominate the pay TV-buying public’s appetite for years. The hopeful fantasy that somehow consumers can one day choose to buy channels on their own at an affordable price is just that — a fantasy. It’s not a real business that will rival cable operators.

Cracks are appearing in the bundle for sure, but the current spate of pronouncements about OTT are simply defensive plays by programmers claiming their space in the streaming future, not a sign of true disruption.

The appearance of cord-cutters (still at only 2% to 3%), is testament to the changes coming in video-content delivery, but how fast and how much depends on how you define OTT. Is over-the-top merely the delivery of video signals over the Internet by services such as Netflix, Hulu and Amazon Prime, or is it essentially a la carte TV fare over the Internet, where viewers who cut the cord to their pay TV providers pay for only the programs they watch?

Companies like Roku and Apple have respectively sold 10 million and 20 million streaming-media devices, which allow some form of OTT video to viewers. And at press time, at least three services — from Sony, Verizon Communications and Dish Network — are scheduled to be released over the next several months. Indeed, the market for streaming media players is expected to grow from 24 million this year to 44 million by 2017, according to research firm IHS.

Although some of those offerings will provide lighter packages of programming for lower prices, it won't be true "a la carte" — the ability to select only the channels you want. Dish's OTT offering, expected to be introduced some time next year, would cost about \$30 a month for 30 channels, according to reports. That's not exactly a bargain — and it's not a la carte, because it's unlikely consumers will be able to pick and choose between packages.

The debate over a la carte service has followed the cable and satellite industries almost since their inception. But it is unfathomable, with the oligopoly now in place, that one day a cable customer will be able to buy Disney Channel but not ESPN, Comedy Central but not MTV, and USA Network but not Bravo and keep the bill at a reasonable level. Giant cable programmers won't allow it. And MSOs will simply pass the costs along.

Moreover, cable networks would never — repeat: never — risk the hundreds of millions of dollars in affiliate fees from pay TV distributors to make a few bucks on the side via a new OTT player with a more limited reach. A la carte is not here now, and it's not coming for at least the foreseeable future.

What made the HBO and CBS announcements different is that they weren't simply carriage deals with a new OTT provider — Viacom already did that with Sony in September — but were instead the first examples of individual networks selling directly to the consumer.

Beyond the hype of those announcements, the offerings are actually quite limited in terms of how they can be accessed and what they will offer, at least at the outset.

Why will the OTT newcomers, buoyed by consumer antipathy towards cable and satellite operators, fail to be a real business rival to the entrenched cable and satellite and telephone monopolies? Here are five reasons:

**OTT offerings will always be weaker.** While HBO and CBS have unveiled offerings that at first glance seem to be freeing, they are carefully geared toward maintaining the status quo. In announcing the HBO OTT service at parent Time Warner Inc.'s Investor Day earlier last month, HBO chairman and CEO Richard Plepler said it was “time to remove all the barriers” to HBO. Problem is, shortly after making that statement, Plepler spent a goodly amount of time pointing out all of the barriers — it would at first be marketed to the 10 million broadband-only customers of its cable and telco-TV affiliates; operators would handle all billing, customer service and customer control; and the service would be sold in partnership with distributors.

The CBS offering has its own restrictions — there will be no sports available through the service. And to get any live streaming, customers must live in one of 14 cities with a CBS-owned-and-operated station. So, for \$5.99 per month a customer can get access to their local news if they live in a CBS market, can watch next-day airings of 15 primetime shows such as *The Big Bang Theory* the day after they air, access full past seasons of *The Good Wife*, *Blue Bloods* and *Survivor* and stream 5,000 episodes of such older shows as *Cheers* and *Star Trek* already available on other subscription-VOD services such as Netflix, Amazon Prime and Hulu.

For other programmers thinking about going the direct-to-consumer route, there are other barriers, mainly in the existing subscription VOD deals they already have with existing OTT players for their library content.

According to Sanford Bernstein media analyst Todd Juenger's recent report, *The Dawn of the OTT Era: We Think Not*, consumer expectations for a network-delivered OTT service are simple — they would receive everything

that is shown on the network, live and on-demand. “But most networks aren’t in a position to offer anything close to resembling that,” he wrote.

Existing deals for library content with SVOD providers like Netflix could restrict what a network OTT service could offer, creating gaps in the programming day. Non-exclusive deals for content also could lose their luster in the future.

“We doubt Netflix will have much interest in programming that is also available on an SVOD platform directly from the network,” Juenger wrote.

**An OTT a la carte service would cost too much.** Were the pay TV industry one day to magically convert to an a la carte business model, the annual revenue would be cut in half, to \$70 billion from \$140 billion, according to Needham & Co. media analyst Laura Martin. Others have said even that figure is conservative.

The problem with a la carte is that it completely unravels television’s existing business model, currently anchored in the ability to sell networks to a distributor for a fee based on the number of subscribers that distributor has, whether individual subscribers watch the channels or not. For instance, in an a la carte world, ESPN wouldn’t cost a consumer the \$6.04-per-month license fee paid by the local cable company — it would cost perhaps \$30 per month. What is often left out of the a la carte conversation is that networks aren’t going to move to a model that makes them less money.

So ESPN, which is expected to receive an estimated \$6.9 billion in affiliate fees alone this year, based on the 95 million homes in which it is available, will simply kick up that fee to more than \$20 per month for the estimated 30% of TV homes that would be likely to subscribe to the channel.

Add in another \$10-per-month charge to make up for lost advertising revenue and that’s already close to half an average monthly cable video charge of \$75 per month. And that’s just one channel. Add another \$10 per month for regional sports networks and so-called pricey networks like TNT, Disney Channel, TBS, Fox News Channel and USA Network, and the price could rise

to \$50, not including additional charges for lost advertising. The average cable package has about 150 channels and costs about \$75 per month.

“If you piece it out, it [the monthly charge] gets into triple digits,” Wunderlich Securities media analyst Matt Harrigan said.

**Robust network OTT services would destroy the very bundle programmers have worked so hard to create.** Giving consumers the ability to buy channels individually would leave no incentive to keep a pay TV package with a distributor, so that revenue would essentially evaporate.

Some cable operators have challenged the practice of bundling, in which a programmer lumps lesser-watched networks together with more popular channels. The programmers have countered by saying individual networks are available for purchase by distributors, who say they are priced prohibitively — in some cases buying a single network that was bundled with others would cost significantly more than the whole package, according to some MSOs.

While some cable, telco and satellite-TV providers have said they would welcome a la carte, they don't want it either. As Juenger put it, why would a company with high fixed costs like cable ever want to move to a model where those costs stay relatively constant, but revenue is cut in half? While broadband has been a profit center for years — margins for high-speed Internet service approach 90% in some cases — a full departure from the video business would commoditize the industry. That would leave operators with only one arrow in their quiver to compete with — price — and make them vulnerable to deep-pocketed competitors that could drastically undercut their monthly charges. (Google, anyone?) While some of the larger MSOs could weather that storm, smaller operators would wither.

**OTT a la carte would be too complicated.** According to Sanford Bernstein's Juenger, OTT a la carte would create a “horrible mess of consumer interfaces.” If you think consumers are confused by the TV apps available to them now, just think how dumbfounded they would be if they had to sift through apps for every network, or remember which networks were owned by which network group if they were bundled together.

“There would be no unified search,” Juenger wrote. “No recommendation engine. Compare that to Netflix or Comcast X1, with one unified search and recommendation engine across all forms of content delivery. The a la carte, OTT world would be horribly complex and frustrating.”

**OTT a la carte might mean higher broadband prices and more regulation.** According to MoffettNathanson principal and senior analyst Craig Moffett, OTT a la carte would require a huge amount of bandwidth, which could finally open the door for usage-based pricing for the cable industry, or at least allow operators to raise prices for broadband to make up for lost video revenue.

It could also give cable operators the green light to charge OTT providers and aggregators for transport, something several operators have already done with Netflix amid some controversy. While that would seem to be a benefit for distributors, Moffett warned “there is a risk here that cable will win the battle, but lose the war.” Higher prices and transport fees could force the Federal Communications Commission to implement more onerous regulation.

“The prize is whether or not you can charge for the transport function in an OTT world,” Moffett said in a recent call with clients. “And if you see OTT start to accelerate, even a little bit, what’s likely to emerge from the regulatory process is a limitation on the cable operator’s ability to respond to OTT threats through the pricing of broadband. You can’t just jack up the price to everybody because the price increases would be unsustainably high, which would invite more regulation.”

That could include a move toward dreaded Title II regulation, which would characterize cable companies as common carriers and would severely limit further investment in infrastructure.

- See more at: <http://www.multichannel.com/ott-dead-long-live-ott/385228#sthash.lCixAycp.dpuf>

Multichannel News

# Changing of the (Hill) Guard

## High-Profile Congressional Panels Will Get Some New Leadership

11/03/2014 8:00 AM Eastern

By: [John Eggerton](#)

### TakeAway

**Depending on how the political cards play out, an advocate of retransmission-consent reform could top the Senate Commerce Committee.**

WASHINGTON — No matter who wins control of the Senate in this week's midterm elections, some familiar faces on key communications committees will be gone.

That could mean Sen. John Thune (R-S.D.), cable's strong ally in seeking major retransmission-consent reforms, setting the agenda for the powerful Senate Commerce Committee.

Three of the most-experienced legislators on the communications front — all Democrats — are retiring after a collective tenure of almost 130 years in Congress, give or take a recess or two. They are Sen. Jay Rockefeller (D-W. Va.), chairman of the Senate Commerce Committee; Rep. Henry Waxman (D-Calif.), ranking member of the House Energy & Commerce panel; and Rep. John Dingell (D-Mich.), the longest-serving member of Congress in history.

Dingell, a longtime friend of broadcasters who pushed for resolving border issues involving stations in Canada and Mexico before the federal government conducted its auction of broadcast-TV spectrum for wireless broadband use, is, as one cable lobbyist put it, irreplaceable.

The successors to Rockefeller and Waxman in those leadership positions could help determine the direction of key communications-oversight bodies.

Waxman has been a foe of mega-mergers and of loosening broadcast-ownership restrictions. Rockefeller has also been a critic of consolidation and has focused his committee on cybersecurity, privacy and content issues,



including TV violence. Both have been very active in the communications space.

If the Democrats pull off an upset and manage to hold the Senate, Sen. Bill Nelson of Florida is expected to succeed Rockefeller atop the Communications panel. That could put more power in the hands of the chairman of the Communications Subcommittee, since Nelson has not been very involved in telecom issues.

Rockefeller tended not to distribute power to the subcommittee, but Nelson may shift the field and give the Communications Subcommittee more authority to call hearings, according to one congressional staffer.

The chairman of the Communications Subcommittee could be its current head, Sen. Mark Pryor (D-Ark.), but his race for reelection is a close one that could ultimately determine control of the upper chamber. If he loses, it's more likely the next chairman will be a Republican.

Sen. Mark Begich (D-Alaska) is also in a tight race. If the two senators — both moderates — lose, then Republicans may be faced with a committee whose liberal wing, including Sens. Ed Markey (D-Mass.), Barbara Boxer (D-Calif) and Richard Blumenthal (D-Conn.), is more in the forefront.

If it Pryor isn't the next chairman, Sen. Claire McCaskill (D-Mo.), current chair of the Senate Consumer Protection Subcommittee, could be in line for the post. That could give some cable operators pause, as McCaskill has hammered MSOs over cable prices and service.

If the Republicans win the Senate, it will almost certainly not be with the two-thirds majority needed to overturn a presidential veto. So if, say, a Republican Congress tried to step in to supplant Federal Communications Commission network-neutrality rules, President Obama, an open Internet advocate, could block that effort.

If Thune replaces Rockefeller after a GOP victory, that would be a plus for cable operators and of some concern to broadcasters. Thune teamed with

Rockefeller on the Local Choice proposal that would have deep-sixed the retransmission-consent regime. Like the current chairman, Thune has been active on the telecom front and would be expected to continue in that vein.

But individual lawmakers' presidential ambitions could also factor into how the committee operates. Thune has been discussed as a possible candidate, along with two other GOP Commerce Committee members, Ted Cruz of Texas and Marco Rubio of Florida.

Republicans will in all likelihood retain the House, but Waxman's exit as the ranking member of the Energy & Commerce Committee likely opens up a slot for Anna Eshoo (D-Calif.) or Frank Pallone (D-N.J.), with some giving Eshoo a slight edge.

Pallone has not been active on communications issues, while Eshoo, who represents the Silicon Valley, has been a strong voice for Internet neutrality regulations and retransmission-consent reform, and against media concentration.

"You could have outspoken champions of retrans reform as the ranking member of House E&C and the chair of the Senate Commerce Committee," one cable lobbyist said. "I think broadcasters' positioning before and after the midterm elections and subsequent leadership votes swings a lot more than others, at least compared to cable and [satellite]."

- See more at: <http://www.multichannel.com/changing-hill-guard/385232#sthash.6nvaDQia.dpuf>

Multichannel News

# Sapan, Klein, Willner Highlight NYC TV Week

Conference Set for Nov. 12-13 at Affinia Manhattan 11/03/2014 12:45

AM Eastern

By: MCN Staff

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**NYC Television Week** is fast-approaching and the Nov. 12-13 conference presented by *Multichannel News* and *B&C* parent company, NewBay Media, keeps adding top industry leaders to its roster.

Those attending the event – comprising **The Business of Multiplatform TV**, **Next TV Summit**, **Advanced Advertising** and the inaugural edition of **The Content Show** – can listen, learn and engage with top executives via keynote speeches, panels, seminars, networking events and seminars at the Affinia Manhattan.

Among the highlights are *Multichannel News* editor in chief Mark Robichaux's Content Show keynote opener (Nov. 12) with AMC Networks president and CEO Josh Sapan and his Business of Multiplatform TV closing keynote conversation (Nov. 12) with current TAPP CEO and former CNN US president Jon Klein.

The Multiplatform TV event will also feature cable veteran Michael Willner, now president and CEO of Penthera and GreatLand Connections, in a "fireside chat" with *MCN* senior finance editor Mike Farrell.

*MCN* technology editor Jeff Baumgartner will lead the Next TV Summit talk (Nov. 12) about how apps and new technology are enabling users to view live and on-demand content on myriad devices during the panel, "Technology Improving Video Delivery on Every Screen and Device."

At Advanced Advertising (Nov. 13), Baumgartner will moderate a discussion centering on how addressable advertising is beginning to take hold across the pay-TV industry ecosystem entitled "Bull's Eye! How Addressability Is Putting Ads on Target."

For more information about the event and to register,

visit: <http://nyctelelevisionweek.com>.

- See more at: <http://www.multichannel.com/sapan-klein-willner-highlight-nyc-tv-week/385250#sthash.hOltThxi.dpuf>

Multichannel News

# Tech Transitions, Video and the Future

11/03/2014 8:00 AM Eastern

**By: Tom Wheeler**

*The following is an edited excerpt from a blog post by Federal Communications Commission chairman Tom Wheeler on the agency's NPRM on over-the-top video providers.*

Consumers have long complained about how their cable service forces them to buy channels they never watch. The move of video onto the Internet can do something about that frustration — but first, Internet-video services need access to the programs. Today, the FCC takes the first step to open access to cable programs as well as local television. The result should be to give consumers more alternatives from which to choose so they can buy the programs they want.

The mantra “Competition, Competition, Competition” fits perfectly with consumers’ desires for video choices. That’s why I’m asking my fellow commissioners to update video competition rules so our rules won’t act as a barrier to this kind of innovation. Specifically, I am asking the commission to start a rulemaking proceeding in which we would modernize our interpretation of the term “multichannel video programming distributor” (MVPD) so that it is technology-neutral. The result of this technical adjustment will be to give MVPDs that use the Internet (or any other method of transmission) the same access to programming owned by cable operators and the same ability to negotiate to carry broadcast TV stations that Congress gave to satellite systems in order to ensure competitive video markets.

The commission established in its January Tech Transitions Order that the best way to speed the adoption of new technologies is to assure consumers that enduring values will be protected, including competition. That applies to video as well as telecommunications. By making our rules technology neutral, we can encourage both new video providers and incumbent cable operators to take advantage of the benefits of IP transmission, boosting competition.

In Title VI of the Communications Act, Congress created rules to ensure that cable companies that own video content can't raise artificial barriers to competition by refusing to let their video competitors have access to the programming they own. That worked for satellite providers, and also helped telephone companies entering the video business. I believe it makes just as much sense — and will have just as positive a consumer benefit — for an OTT.

- See more at: <http://www.multichannel.com/tech-transitions-video-and-future/385237#sthash.DTHHH95z.dpuf>

Multichannel News

# **Wheeler Slammed Over ‘Sender-Side’ Neutrality Group Warns Approach Creates Two Internets**

11/10/2014 8:00 AM  
Eastern

By: [John Eggerton](#)

WASHINGTON — Federal Communications Commission chairman Tom Wheeler is catching flak from both sides over a hybrid approach to network neutrality that’s in the works at the agency.

In a letter released last Friday (Nov. 7), Free Press, the Future of Music Coalition, Demand Progress and more than 60 other groups have asked the chairman not to take the hybrid approach, which would use the agency’s authority under both Title II and Section 706 of the Telecommunications Act.

The FCC’s lead proposal for remaking the network-neutrality rules, undone by a U.S. court earlier this year, is said to be one that would regulate edge providers’ access to individual subscribers via Internet service providers as a one-to-one telecommunications service under Title II, but regulate subscribers’ access to all those edge providers and services via their ISP as an information service under Section 706.

ISPs see that as the nuclear option of Title II; the groups that wrote the letter also see it as an unacceptable approach that falls short of the no-paid-prioritization stand of President Obama.

“So-called sender-side proposals are highly questionable and could fundamentally threaten the open Internet,” the groups wrote. “These proposals would split the Internet in two, creating divisions in Internet access and enshrining the notion that people or companies sending information have protections against discrimination, while users have none against their own ISP.

“They would make every website and application in the world into a customer of every ISP in the United States,” the letter continued. “This would be a radical departure from established law, and it would not solve the

fundamental problem of online discrimination or the ability of ISPs to create Internet slow lanes.”

The groups argued that anything short of Title II reclassification is not “real” Title II or “real” network neutrality.

- See more at: <http://www.multichannel.com/wheeler-slammed-over-sender-side-neutrality/385389#sthash.B5DoDGxS.dpuf>

Multichannel News



## **MCSNBRIEFS**

11/10/2014 8:00 AM Eastern

By: [John Eggerton](#)

### ***Colorado Towns Pre-empt Pre-empters In Approving Muni Ballot Initiatives***

WASHINGTON — Some Colorado communities beat the Federal Communications Commission to the punch on pre-empting state limits to municipal broadband, via last week's election.

That is according to the Institute for Local Self Reliance, which pointed out that ballot initiatives in five Colorado cities and three counties were approved, "restoring local authority to build fiber networks."

Colorado is one of the states that passed laws limiting local authority to build the networks, the institute said, but those laws can be trumped by ballot referenda to restore local authority. All of the initiatives passed with at least 60% approval, with most falling in the 70-80% range, even in areas that voted Republican in state races, according to the institute.

The counties taking back their broadband authority were San Miguel, Blanco and Yuma. The cities were the Yuma County towns of Yuma and Wray, as well as Boulder, Cherry Hills Village and Red Cliff.

That was the good news. The bad news, as far as the institute was concerned, was that with Republicans controlling Congress, it was unclear whether they would take steps to further limit local broadband authority.

Hill Democrats and FCC chairman Tom Wheeler have both opposed state laws pre-empting or limiting municipal broadband buildouts.

The FCC has received requests from Chattanooga, Tenn., and Wilson, N.C., to pre-empt state laws restricting their ability to provide broadband service. It is currently considering those petitions.

## ***Analyst: Senate Antitrust Letter A Good Sign for AT&T-DirecTV***

WASHINGTON — The “balanced” tone of a letter from the chair and ranking member of the Senate Antitrust Subcommittee struck Guggenheim Partners analyst Paul Gallant as an encouraging sign for the proposed merger of telco AT&T and satellite-TV provider DirecTV.

In an Oct. 31 letter to Federal Communications Commission chairman Tom Wheeler and U.S. Attorney General Eric Holder, committee chair Amy Klobuchar (D-Minn.) and ranking member Mike Lee (R-Utah) outlined both the potential pros (combining complementary services to produce better bundles of service, building out fixed wireless to 15 million more people and providing stronger competition to cable MVPDs) and cons (reducing the number of competitors from four to three in the 25% of the country where AT&T and DirecTV overlap, limiting access to independent programming — most-favored-nation clauses — and uncertainty over whether any program-access conditions are needed, and the possibly increasing cost of the regional sports networks DirecTV owns).

In an advisory to investors, Gallant said the tone of the letter, which does not appear to put a thumb on the scale on either the pro or con side, suggests the deal could be approved with conditions to address those concerns. “[W]e read the balanced tone and extensive discussion of conditions — as opposed to a more skeptical tone — as implicitly helpful for the merger,” he wrote.

- See more at:

<http://www.multichannel.com/mcnbriefs/385390#sthash.1Af5WwJJ.dpuf>  
Multichannel News

# Four Events Tackle Top TV Topics NYC Television Week Features Medium's Biggest Players

11/10/2014 8:00 AM Eastern

By: [Mike Reynolds](#)

The second NYC Television Week screens at Affinia Manhattan this Wednesday and Thursday (Nov. 12-13) with a quartet of conferences cutting across disciplines touching myriad aspects of today's evolving television and video ecosystem.

Presented by NewBay Media, the parent of *Multichannel News* and *Broadcasting & Cable*, NYC Television Week comprises the Business of Multiplatform TV and Next TV Summit conferences on Nov. 12; the Advanced Advertising event on Nov. 13; and the inaugural Content Show, a multifaceted look at the programming and production landscape that spans both days.

The full agenda, detailing keynotes, panels and sessions, speaker bios and ticketing, is available at [nyctelevisionweek.com](http://nyctelevisionweek.com). Following are anapshots of some of NYC Television Week's activities:

## ***Business of Multiplatform TV***

Among the highlights are a pair of "fireside chats": *MCN* senior finance editor Mike Farrell will talk with cable veteran **Michael Willner**, now president and CEO of Penthera and GreatLand Connections; while the publication's technology editor, Jeff Baumgartner, speaks with **Marty Roberts**, the co-CEO of thePlatform, Comcast's video publishing unit.

The Nov. 12 morning conference concludes with *MCN* editor in chief Mark Robichaux's keynote Q&A with TAPP's **Jon Klein**, the former CNN and CBS News executive, now the CEO of the multichannel video provider.

## ***Next TV Summit and Awards***

*America's Funniest Home Videos* producer and creator **Vin Di Bona** puts the Nov. 12 afternoon conference in play with a Q&A led by *B&C* contributing editor Paige Albinak. **Eric Berger**, executive vice president of digital networks and general manager of Crackle, Sony's multiplatform video network, will also be on stage with *B&C* programming and digital media editor Daniel Holloway.

The conference will also see *MCN* executive editor Kent Gibbons drop the puck on a conversation with National Hockey League chief operating officer **John Collins**, Epix chief marketing officer **Kirk Iwanowski** and producer **Ross Greenburg** about Epix's partnership with the league.

The summit, which also includes executives from NBCUniversal, Google, Synacor and Viacom, culminates with the presentation of the **Next TV Awards** saluting achievement across platforms and devices in four categories: Best Social TV or 2nd Screen App; Best Original Internet Series, Short- or Long-Form; Best Branded Internet Video; and Best Broadcast or Cable Web Extension on the Internet.

Winners were chosen by a panel of three judges: **Daniel Tibbets**, chief content officer of Machinima; **David Wertheimer**, president, digital, Fox Broadcasting Co.; and **Mike Murphy**, head of content partnerships, Intel.

### ***Advanced Advertising***

The Nov. 13 morning conference is bookended by keynotes from Modi Media president **Michael Bologna** and the combination of Spark chief investment officer **John Muszynski** and executive vice president and managing director **Shelby Saville**. Both conversations will be moderated by *B&C* business editor Jon Lafayette.

In between, four panels will examine key themes reshaping Madison Avenue. *MCN's* Baumgartner heads the discussion on addressability, while **Barry Frey**, president and CEO of the Digital Place-Based Advertising Association, talks about the use and potential of big data.

Vertere Group founder and CEO **Tim Hanlon** will engage his guests on the push for programmatic systems shaping schedules, and *B&C* executive editor Dade Hayes will lead the discussion about how improved analytics and engagement is “Transforming the TV Ad Game.”

### ***The Content Show***

The two-day Content Show opens with AMC Networks president and CEO **Josh Sapan**, in a conversation moderated by *MCN's* Robichaux, and also showcases GroupM CEO **Peter Tortorici**, in a keynote talk with *B&C* editor-in-chief Melissa Grego.

With an overall focus encompassing development, production and distribution, the event will also feature extensive networking opportunities and appearances by production companies such as **NorthSouth, Leftfield, Ish** and **Authentic Entertainment**. “In Conversation With” is a series of 30-minute creative dialogues across both days in which senior programming and development executives will discuss content circa 2014 and beyond. The “Conversation” roster includes executives from **NUVOtv, Fuse, Food Network, National Geographic Channel, History, Discovery, Esquire Network, WE tv, BET, ESPN, TV One, Electus, Bravo, BBC North America, PBS** and **The Weather Channel**.

- See more at: <http://www.multichannel.com/news/marketing/four-events-tackle-top-tv-topics/385393#sthash.W83plLvw.dpuf>

Multichannel News

# Cable Stocks Rebound After Title II Dive

Obama Announcement Spurs Selloff of MSO Shares 11/17/2014 8:00 AM Eastern

By: [Mike Farrell](#)

## TakeAway

**Cable stocks rebounded late last week after President Obama's support for Title II Internet-neutrality rules sent investors selling.**

Cable investors ran for the exits after President Obama dropped the bombshell that Title II network-neutrality regulation could be back on the table, but soon after returned to the fold, signaling to analysts a less-onerous federal scrutiny than expected.

Shares in the four top distributors took a dive on Nov. 10 after the president said he would prefer the Federal Communications Commission adopt Title II common-carrier style regulations to ensure a more open Internet (see Cover Story). Distributors, which have long opposed Title II, said reclassifying the broadband industry as a telecommunications service would open a Pandora's box of regulations that would stifle investment and innovation.

### ***LIBERTY DEBUT WRECKED***

Cable stocks followed suit, dropping between 2% and 6% on Nov. 10 and spoiling the first full week of trading for cable legend and Liberty Media chairman John Malone's latest tracking stock — Liberty Broadband — which includes Liberty Media's 26% interest in Charter Communications.

Liberty Broadband, which officially debuted on the NASDAQ Exchange on Nov. 4, fell as much as 6% (\$3.05 per share) to \$46.57 each last Monday (Nov. 10), but has since clawed back to close at \$48.52 last Thursday (Nov. 13). Charter also took a big hit on Nov. 10 — it was down as much as 6.8% (\$10.69 each) at one point during that day — but has since inched back to \$152.73 per share, about 2% off its Nov. 7 close.

The biggest impact was felt by Time Warner Cable, the second-largest U.S. MSO, which is currently going through the regulatory review process for its pending merger with Comcast. TWC stock plunged as much as 7.2% (\$10.34

each) to \$133.26 on Nov. 10 (and continued to fall on Nov. 11 to \$131.00 per share), as investors feared more regulation would scrap the merger.

Comcast, the other half of the \$69 billion union, saw its shares dip as much as 6.1% on Nov. 10. Shares in the No. 1 U.S. MSO rallied later in the day to finish at \$52.95, down 4%. The stock continued to rise in subsequent trading, closing at \$54.30 each on Nov. 13, off just 1.5% from its Nov. 7 close.

That the four stocks most closely connected to the Comcast-TWC merger felt the most pain is no coincidence — Charter stands to nearly double its cable footprint in a series of deals that are scheduled to take place after the Comcast merger is closed. Cablevision Systems, which has virtually no skin in the Comcast-TWC game, dipped about 4% at its lowest during the trading frenzy, finishing at \$18.28 on Nov. 13, down about 3% from Nov. 7.

Pivotal Research Group principal and senior media & communications analyst Jeff Wlodarczak said two factors helped lift the stocks: Comcast CEO Brian Roberts's reiteration that the TWC merger would move ahead as planned, and a series of Washington moves that showed Wall Street that even if Title II does rear its ugly head, it will have little bite.

Wlodarczak said the initial concern was that FCC chairman Tom Wheeler, who had been a voice of moderation on the Title II issue, wouldn't be able to go against the president who appointed him. But subsequent reports that Wheeler had met with Internet companies prior to the president's statement and his later public comments on the issue — in which he seemed to suggest he would go in a different direction — eased at least some of the panic.

### ***GOP OPPOSITION SOOTHES***

Comments by Republican members of Congress against Title II regulation cast doubt on the likelihood of a full-blown regulatory overhaul. Moreover, the FCC won't formally address the issue until sometime next year. And AT&T and others said they would sue to block Title II implementation, which could drag the issue out for several years.

Wlodarczak added that although the firestorm around the net-neutrality issue is expected to continue, the things Obama is trying to protect — the blocking of content and paid prioritization — are already covered under current regulation.

“I think you could see this die on the vine or force the FCC to go to a Title I approach (which the industry favors and will likely cause/lead to no lawsuits),” Wlodarczak wrote in an email message. “I would actually be surprised if the FCC goes with a Title II modified approach as it seems like you can drive a truck through the legal issues with that move.”

TAGS:

- See more at: <http://www.multichannel.com/cable-stocks-rebound-after-title-ii-dive/385577#sthash.mrjh2s7e.dpuf>

Multichannel News



## **Willner: Title II Would Stifle Broadband New Regulations Might Kill Investment, Cable Vet Warns**

11/17/2014 8:00 AM Eastern

By: [Mike Reynolds](#)

NEW YORK — Michael Willner, president and CEO of Penthera and GreatLand Connections, opened NewBay Media's NYC Television Week here Wednesday morning by firing away at President Obama's push toward stricter regulation of the Internet.

Willner, in a conversation with *Multichannel News* senior finance editor Mike Farrell, said during The Business of Multiplatform TV event that any movement toward Title II reclassification would be "one of the worst policy decisions," not only for the cable and wireless industries, but for consumers.

The former Insight Communications CEO — about to rejoin the industry via GreatLand, an MSO to be formed with systems that will spin off when the Comcast-Time Warner Cable merger eventually closes — envisions a repeat of what happened 20-plus years ago after the Cable Act was enacted in 1992. At that time, the cable industry was rebuilding its plant, putting in fiber optics to lay the groundwork for the Internet, which no one at that time could fully imagine would become such an integral part of daily existence.

With the Cable Act, Willner said, the investment community "turned off the tap." In turn, capacity slowed as did the formation of programming networks.

"Everything came to a screeching halt," he said. During this slowdown, Western Europe pushed ahead in fortifying its infrastructure, and "we fell behind as a country."

During the fireside chat-style session, Willner also weighed in on a couple of other subjects du jour.

**On OTT:** A blogger during his days heading Insight, Willner said he wrote four years ago that over-the-top services would become a reality. "If consumers want to view beyond [the bundled] package of services, they're

going to do it legally or illegally,” he said. “I embrace over-the-top. It makes people appreciate the connectivity to our networks.”

**On a la carte:** A pure a la carte regime would result in higher prices and less programming, he said, and “ a lot of content aggregators would cease to exist

**On technological evolution:** The best businesses understand consumer behavior and, most importantly, they change their products and services as those behaviors change. “To be successful, we can’t focus on the status quo, but have to evolve toward the next best thing,” Willner said. “When someone invents a new widget and it becomes a serious player, that’s fine. We either leap to the challenge and keep up with the times, or we get ready to perish.”

- See more at: <http://www.multichannel.com/willner-title-ii-would-stifle-broadband/385584#sthash.uetsMeKQ.dpuf>

Multichannel News

# OBAMA'S 'NEW DEAL'

## President: Title II Should Be Ground Rules For Open Internet

11/17/2014 8:00 AM Eastern

By: [John Eggerton](#)

### TakeAway

**President Obama's public statement last week advocating Title II-based network-neutrality regulations sent shockwaves through ISPs and the capital.**

WASHINGTON — Federal Communications Commission chairman Tom Wheeler was heading to work to meet with stakeholder groups about new Internet-neutrality rules last Monday morning (Nov. 10), but before he could put his car in neutral, he was faced with pro- Title II protestors blocking his vehicle and chanting his name.

That was only the beginning.

Later that day, Wheeler received marching orders — or as close to them as independent agencies get — that regulatory authority under Title II of the Telecommunications Act was needed to prevent paid prioritization of online traffic and protect an open Internet. President Obama took to the Internet in a video outlining a Title II plan, saying his idea should be Wheeler's as well.

The plan — to regulate broadband providers like electric utilities — was not exactly a surprise. The White House had advised the chairman the week before that the Monday bombshell was coming, according to an FCC source.

Wheeler had been expected to push for new network-neutrality rules by a Dec. 11 meeting, but a source at the FCC said some issues with the Title II side of the hybrid approach — how to apply them to mobile broadband service and whether rules would actually ban paid prioritization — were already pushing that expected timetable.

By early last week, it looked like the commission was not going to take any action on network neutrality before early 2015 at the soonest — FCC counsel

for external affairs Gigi Sohn, a top Wheeler aide, has signaled as much — and that a Republican- controlled Congress was likely to be hammering Wheeler during that process, and that Title II was gaining even more traction, much to the chagrin of Internetservice providers.

The longer time frame will give cable and telco lobbyists more time to make the case against Title II, but now the president's thumb is squarely on the other side of the scale.

The FCC is an independent agency, a fact acknowledged by the president and noted by Wheeler in response to Obama's remarks. But Wheeler was technology adviser to Obama's transition team and shares the president's opposition to paid priority.

***TIPPING THE SCALES*** For now, Wheeler has put the Title II card on the table and could very well play it, perhaps in combination with authority under Section 706 of the Telecommunications Act in a new hybrid approach along the lines of one proposed by Mozilla, producer of the Firefox Web browser.

Wheeler said he would take the president's plan under advisement and make it part of the record. But he also said he agreed with its basic themes and would need time to figure out the best way to accomplish its goals via regulation. And FCC Democrats now know that a vote for anything without Title II attached to it is essentially a vote against the president.

"I can't imagine that either commissioner [Jessica] Rosenworcel or [Mignon] Clyburn will be willing to vote for anything less than Title II," one open Internet activist who asked not to be identified said. "If they have to choose between the president and Tom Wheeler, they will choose the president."

There were reports that Wheeler had told stakeholders last week he was not exactly in line with Obama, but Sohn indicated those reports took the chairman's words out of context and that was not a safe bet.

ISPs were already facing an uphill battle to prevent the FCC from applying some hybrid form of Title II to Internet-access service in the new network-neutrality rules.

Now, the hybrid proposal in which the very invocation of the name Title II drew vociferous responses from ISPs is looking more like the compromise position.

“With the president to the left of the chairman on the issue and Silicon Valley screaming for no paid priority, Title II hybrid may be the new middle ground, though not middle enough for either side,” a veteran Washington, D.C., attorney said.

Cable and telco ISPs immediately pushed back on Title II, saying the Internet could be protected without it. They also started pushing Congress to get into the act to stop any momentum. The Republican Congress arriving in January is no advocate of networkneutrality rules of any stripe, and certainly not of Title II.

Telco and cable-industry players are pushing back via white papers, seminars and studies arguing that any approach that incorporates Title II would lead to litigation — and even a potential new Internet tax, according to the National Cable & Telecommunications Association. The NCTA, the main cable-industry trade group, blogged about having to contribute to the Universal Service Fund, a cost which would be passed on to customers, potentially adding as much as another \$7.25 a month to cable bills.

The NCTA has been sufficiently worried about Title II to launch a social media campaign. Initially a stealth effort, the “Onward, Internet!” campaign suggests the Internet had been doing just fine without heavyhanded regulation.

### ***Full-Court Press***

How did Title II grow from a veiled threat to an unsheathed sword? It was the pressure from millions of net-neutrality activists who flooded the FCC, according to Timothy Karr, senior director of strategy at Free Press, a

Washington, D.C.-based advocacy group that favors such regulations. “It’s taken nearly 10 years of hard-working advocacy and organizing to get Washington to understand that Title II reclassification is the best and most legally sound way forward for net neutrality,” he said.

One attorney in the fight agrees. The public is more aware of the net neutrality fight, the attorney argued, and better organized by Silicon Valley, than four years ago. For instance, he noted the “a dingo ate my nondiscriminatory access” segment on HBO’s popular satirical series *Last Week Tonight With John Oliver*, slamming Wheeler and ISPs; it aired June 1 and subsequently generated 6.7 million YouTube views.

The recent maneuvers may now allow the new Republican-controlled Congress to hold hearings and propose legislation — a telecom law rewrite is teed up for next year in the House Energy & Commerce Committee, and will likely get a more welcoming reception in the Senate.

But even a hybrid proposal may get hung up on the words “paid priority”; the phrase has become the line in the sand of activists and others in Silicon Valley, not to mention the president of the United States.

“I cannot recall that a president has ever before made a public statement about a pending FCC rulemaking,” veteran public interest lawyer Andrew Schwartzman said. “This means the president is committed to network neutrality, so that he will feel impelled to veto any legislation or appropriations rider relating to net neutrality.”

**Hybrid Concerns** The hot-button issues for all stakeholders are paid priority and interconnection. ISPs were clearly concerned, and with reason, about a hybrid model that would use the FCC’s regulatory authority under both Section 706 and Title II.

In recent days, many ISPs have begun arguing more strongly that they have no plans to do paid priority and that the FCC doesn’t need Title II to prevent anticompetitive prioritization. Comcast executive vice president David Cohen blogged that Comcast agreed with the president that paid priority should be

disallowed, but not by using Title II to do it. And opponents are hammering on the horrors that will ensue if Title II rears its ugly head, including a loss of innovation and investment in a now-flourishing industry.

Even without the president's thumb on the scale, Wheeler was taking pains to make clear Title II was in play. Was Wheeler raising the specter of Title II — after proposing rules without it — to appease the pro netneutrality base that took aim at his initial proposal?

Perhaps. But Wheeler is likely looking toward his legacy, not his next job.

### ***Crafting a Compromise***

The FCC network-neutrality rules crafted four years ago were themselves something of a political hybrid, the result of negotiations between the agency and major stakeholders. The compromise rules were essentially a shotgun wedding, with the invocation of Title II reclassification as the shotgun.

An FCC source indicated the agency has no plans for a similar compromise confab, though nothing is guaranteed. The chairman has pointed to the series of forums on various proposals the FCC held with stakeholders to illustrate the current effort's even-handedness. And Wheeler had already scheduled meetings last week with stakeholders to talk about the rules.

The 2010 rules were justified under the FCC's authority to promote broadband deployment under Section 706. But the U.S. Court of Appeals for the D.C. Circuit said the rules' ban on unreasonable discrimination was too much like a Title II commoncarrier regulation.

Then-FCC chairman Genachowski ultimately kept the Title II card in his vest after stakeholders were able to support rules that did not employ common-carrier regulations.

Now, Obama appears to be trying to force the FCC's hand and up the ante with pureplay Title II rules. The hybrid proposal is still on the table, an FCC source speaking on background said, but many questions remain to be worked out.

One of the reasons Wheeler is looking at the hybrid model, the source said, is that it isn't clear whether Title II can cover mobile — which Wheeler may want to bring under the regulatory tent when it comes to discrimination — and that it does not ban paid priority outright.

With wireless broadband the focus of FCC and Obama administration affections — as well as auctions looking to free up hundreds of Megahertz worth of spectrum and bring in billions of dollars, such as last week's AWS-3 auction — the agency is being pressured to apply more Internet-neutrality rules to that sector. The last time wireless broadband became a regulatory issue, it dodged the antidiscrimination rule due to its different network-management challenges. Cellular carriers may not be so lucky this time around.

Cable and telco operators remain highly critical of Title II, straight up or with a Section 706 chaser. AT&T chairman and CEO Randall Stephenson spoke to Wheeler earlier this month, telling him that Section 706 is enough to prohibit paid prioritization and that Title II could do a number on Wheeler's top priority: extending high-speed broadband service. Stephenson echoed that warning to analysts in New York last week.

But Wheeler, an avid student of history, has likened this moment in broadband regulatory history to seminal moments in the regulatory histories of other must-have technologies, like electricity and the railroads.

Wheeler has signaled his belief that broadband is at a seminal moment in terms of its relationship with government. He has made it clear that as so-called "terminating monopolies," ISPs have the power and incentive to limit competition and access, and that government needs to step in to prevent that from happening. He declined to be interviewed for this story.

Craig Moffett, MoffettNathanson research partner and senior analyst, said he doesn't think the Title II hybrid is the end of the world for ISPs or investors. He has predicted there would have to be some "grand bargain" that could be included as a template in the pending approval of the merger of top MSOs Comcast and Time Warner Cable.



And rather than seeing it as a “nuclear option,” Moffett suggested the market would welcome an approach that excludes Title II from the consumer side of the market and only applies it to wholesale interconnections.

“It neatly sidesteps the worst case scenarios, and while interconnection regulation is certainly not good news for operators, neither is it a calamity (we don’t know of anyone who had significant interconnection revenue in their models),” Moffett wrote in a blog post.

***Working in Wireless*** Moffett said he expects that wireless will be included in the “grand bargain” regulations if they fly, and a no-paid-prioritization condition on Comcast-TWC, essentially a hedge against something happening to the rules again.

One key may be how Congress reacts, Moffett said. Lawmakers haven’t offered much response to Wheeler’s Title II trial balloon. That’s not surprising, since most legislators were focused on getting re-elected.

Lending credence to Moffett’s argument that ISPs may be able to live with the hybrid option is how much Title II advocates don’t like it. “This Frankenstein proposal is no treat for Internet users, and they shouldn’t be tricked,” said Craig Aaron, president of.

## **What’s So Bad About Title II?**

Why do Internet-service providers and their allies in the network-neutrality debate argue that imposing Title II classification on broadband is a disastrous, tectonic shift that could threaten the Internet rather than save it? Here are some reasons:

**(1) Forbearance, forshmearence.** Title II fans argue that the FCC can fairly easily forbear (decide not to apply) most of the telephone-era regulations that could mean tariffs and rate regulation and control of market entry and exit. Critics, including Center for Boundless Innovation in Technology chairman Fred Campbell, a former FCC bureau chief, say not so fast: “Given

that, one, the FCC's standard for forbearance is competition; two, FCC precedent says competition isn't possible with respect to terminating monopolies, and three, the FCC's justification for net neutrality is that ISPs are terminating monopolies with respect to content providers, forbearance from price regulation after reclassification would appear to be more difficult than 'easy peasy.'"

**(2) Wall Street does not like uncertainty, and plenty of legal uncertainty would emerge if Title II is adopted.** AT&T said it will sue, and it is likely not alone. By contrast, only Verizon sued last time around. Suddenlink argued forbearance will bring "all-consuming, overwhelming and costly litigation and uncertainty."

**(3) Do as we say.** Imposing Title II common-carrier regulations would compromise the credibility of U.S. arguments against other countries' regulation of the Internet, a point made by former FCC member Robert McDowell.

**(4) Title II could make it harder to do a pro-consumer priority like VoIP,** the Information Technology & Innovation Foundation pointed out, while many note that Title II might not ban the paid priority its fans are worried about, a point the FCC is wrestling with.

**(5) The FCC may not be able to apply Title II to mobile broadband.** Wheeler has signaled it might be time to expand net-neutrality rules to mobile wireless, given its growth. The FCC had decided not to apply antidiscrimination rules to wireless, but said it would monitor the marketplace and could change its mind.

**(6) It would discourage investment,** the very investment the FCC is trying to encourage to achieve its Section 706 goal of deploying broadband.

**(7) Under Title II, the FCC would likely have to start regulating beyond ISPs to currently unregulated Internet entities,** such as content-delivery networks (like Netflix) or even search engines (like Google).

**(8) It's consumer-unfriendly.** In fear of running afoul of the rules, providers are discouraged from differentiating their services in ways that might benefit consumers.

“ **Source:** *Multichannel News* research, with assists from Center for Boundless Innovation in Technology director Fred Campbell, Precursor LLC president Scott Cleland and Free State Foundation president Randolph May.

- See more at: <http://www.multichannel.com/obama-s-new-deal/385586#sthash.IIeO1EtP.dpuf>

Multichannel News

# Video Streamers Will Row Together Comcast, Charter, Yahoo Among New Alliance's Founders

11/17/2014 8:00 AM Eastern

By: [Jeff Baumgartner](#)

## TakeAway

**With distributors, content providers and vendors as members, the Streaming Video Alliance aims to create an open architecture for online video, but it won't be a standards body.**

A group of distributors, vendors and content providers are putting their collective weight behind the Streaming Video Alliance, a group that will strive to create an open architecture for online video, including benchmarks for video quality and product interoperability.

The initial group that's backing the SVA comprises highly recognizable names from the pay TV industry, including Comcast, Viacom, Charter Communications and Liberty Global (see sidebar), but a couple from the online video world — primarily Netflix and Google — are noticeably absent.

While the SVA will focus on architecture creation, best practices and recommending standards designed to facilitate the scaling of online video, it's "not looking to be a standards body," Dan Rayburn, a founding member of the SVA and an executive at [StreamingMedia.com](#), said.

Rayburn said the SVA is starting to pore over pieces of the video ecosystem and expects to make some decisions by early 2015 about which elements to focus on first. Some potential candidates include best practices around metadata and 4K streaming.

Rayburn also expects that the SVA will announce additional members, including more content owners, in January.

SVA membership won't be free. The group will publish its fee schedule early next year.

Whether Netflix, Google and YouTube, which tend to do their own thing, will eventually join the SVA crew is hard to say.

“We’ve had discussions with them,” said Rayburn, a recognized streaming-video industry expert who is on board to help promote the organization and communicate its aims. “We’ve had conversations with pretty much all of the largest content owners you can think of.”

### **On Board With the SVA**

The initial membership slate of the Streaming Video Alliance represents various parts of the ecosystem.

Alcatel-Lucent

Charter Communications

Cisco Systems

Comcast

Epix

Fox Networks

KT

Level 3 Communications

Liberty Global

Limelight Networks

MLB Advanced Media

Qwilt

Telecom Italia

Telstra

Ustream

Wowza Media Systems

Yahoo

- See more at: <http://www.multichannel.com/video-streamers-will-row-together/385575#sthash.V8bo5VaF.dpuf>

Multichannel News

# The Cloud Is on the Horizon

11/17/2014 8:00 AM Eastern

**By: Susan Crouse**

You've no doubt heard quite a lot about how "the cloud" will revolutionize the way operators do business and you may be skeptical about whether the results will live up to the lofty goals. The reality is that the cloud is already living up to the hype and it is indeed poised to enable operators to do a lot more in the future.

Comcast and Cablevision Systems — cable's "early adopters" of the cloud — are currently expanding their cloud digital video recorder services, and other operators are in various stages of evaluating and testing their own cloud DVRs. While initially touted primarily as a cost-effective way to offer network DVR services, it has quickly become apparent that having content reside in the cloud enables the delivery of a better DVR service.

For example, whereas set-top boxbased DVRs can simultaneously record only as many programs as they have tuners, cloud DVRs open up the gates for much more flexibility. This can be structured to extend revenue to the operator by charging for levels of service for recording, storage and device delivery. Spain-based broadband provider Telefónica believes the subscriber benefits of its popular cloud DVR service are behind the substantial reductions in subscriber churn it is experiencing.

Reduced subscriber churn is a benefit that clearly every operator can understand and appreciate.

The cloud has been widely deployed for providing complex search and recommendations based on user behavioral data, which also drives up operator revenue through VOD sales. Cloud UI solutions help preserve legacy set-top boxes in the home and keep the price down for new boxes. Features for shopping, applications and advertising all depend on cloud-based technology. These all expand service-based revenue and often drive down capital expenditures.

Additionally, with more and more programming content now residing in the cloud, operators can take advantage of Internet-protocol content delivery to HDMI dongles and other emerging customer premises equipment (CPE). Unlike traditional set-tops, these devices are much smaller, portable and consume much less power, enabling operators to deliver more services in the home and on the go.

Paradigm shift is an overused phrase, but it is applicable when it comes to the cloud. It is affecting virtually every facet of a service provider's operations, from the headend to the back office, where operators can consider virtualizing their complete user administrative infrastructure with a flexible, scalable solution managed with open-source tools. And again, we have yet to tap its full potential.

The cloud does not just represent a better, lower-cost method to accomplish what was done before. It can dramatically change how the industry operates by improving efficiencies and enabling exciting new services.

*Susan Crouse is director of product marketing at Broomfield, Colo.- based video set-top software and middleware maker and technology integration services provider Alticast.*

- See more at: <http://www.multichannel.com/cloud-horizon/385572#sthash.A5sNdAR8.dpuf>

Multichannel News

## Trade Journal Links

MCN: Comcast Brings 'Talking Guide' To X1--Designed For The Blind & Visually Impaired, Feature Will Launch 'In The Next Few Weeks'

<http://www.multichannel.com/news/tv-apps/comcast-brings-talking-guide-x1/385494>

Americans Kind Of Support Net Neutrality, But How You Ask The Question Matters

[http://www.huffingtonpost.com/2014/11/14/net-neutrality-poll\\_n\\_6159604.html](http://www.huffingtonpost.com/2014/11/14/net-neutrality-poll_n_6159604.html)

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150,000 Cable Subscribers Cut The Cord Last Quarter

[http://www.huffingtonpost.com/2014/11/14/cord-cutting\\_n\\_6159502.html](http://www.huffingtonpost.com/2014/11/14/cord-cutting_n_6159502.html)

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Republicans Could Be Gambling Silicon Valley's Support Over Net Neutrality

[http://www.huffingtonpost.com/2014/11/14/republicans-net-neutrality\\_n\\_6159838.html](http://www.huffingtonpost.com/2014/11/14/republicans-net-neutrality_n_6159838.html)

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[www.teledimensionspublicsector.com](http://www.teledimensionspublicsector.com)

[www.surfingthebitstream.blogspot.com](http://www.surfingthebitstream.blogspot.com)

<http://www.scoop.it/t/surfing-the-broadband-bit-stream>

<http://www.scoop.it/t/the-convergence-of-ict-distributed-renewal-energy>

<http://www.scoop.it/t/digital-media-literacy-cyber-arts-performance-centers-connected-to-broadband-networks>

POTs & PANs: Is it Time for New Telecom Law?

<http://potsandpansbyccg.com/2014/11/12/is-it-time-for-new-telecom-law/>

Comcast, Charter, 14 other companies form Streaming Video

Alliance<<http://links.mkt1985.com/ctt?kn=94&ms=MTE0MTUyNzkS1&r=MjM1MDc3MTY4MDAS1&b=0&j=MzgzNjc1NzI4S0&mt=1&rt=0>>

Chairman Wheeler expected "to propose a 62 percent increase in the amount of money the agency spends annually to wire schools and libraries with high-speed Internet connections"

[New York Times](#)

After AT&T announced they were "freezing all fiber investment to 'up to' 100 cities," the FCC demands "AT&T clarify how much fiber they're planning to deploy."

[Broadband Reports](#)

[Washington Post](#)

"Local Action, State Support Needed for Muni Broadband Expansion"..."[S]tate level policies [that] support local work to build out community broadband networks"

[National League of Cities](#)

"Success in public-owned broadband: It's about Main St., not Wall St."



### GigaOm

"Why carrier Wi-Fi will make the mobile market more competitive"

### GigaOm

"Cox, which got off to a later start in WiFi than most of its cable counterparts, seems determined to start catching up now"

### Light Reading

"CBS has started to warn Dish Network subscribers in 14 cities that it may go dark soon if the companies can't agree on a transmission consent deal"

### Multichannel News

"LRG: Pay-TV providers saw largest subscriber declines ever in Q3"

### FierceTelecom

"Sony's Clever Cable Killer For Cord Cutters: Can It Change The Game?"

### Forbes

"AT&T vs. Verizon Video Strategy: How Important is Linear Video?"

### Telecompetitor

Susan Crawford's Op-Ed: "Obama's Presidential Moment"... "We are recapitulating the early story of electrification when it comes to high-speed Internet access. It has to stop. And finally our president is saying: stop it."

### Medium

"Republican lawmakers tell FCC it can't treat broadband as a utility"

### Ars Technica

BBR: Charter Might Retry Time Warner Buy if Comcast Deal Blocked

<http://www.dslreports.com/shownews/Charter-Might-Retry-Time-Warner-Buy-if-Comcast-Deal-Blocked-131399>

"Do you want your home broadband services to have strict data caps like the ones on your mobile data plans? Of course you don't! But that isn't stopping Comcast and Time Warner Cable from pushing them anyway."

Over 150 broadband leaders and champions gather for the 2014 Minnesota Broadband Conference. Some videos, handouts, and highlights from the conference are available here: [Blandin on Broadband](#)

Infonetics Research forecasts "subscription OTT video revenue will rise from \$5.8 billion this year to just over \$10 billion in 2018."

### [Telecompetitor](#)

FCC proposes 911 service rules addressing "sunny day" outages

### [FCC Press Release](#)

"CenturyLink: We Lobby For Protectionist State Laws Because You Didn't Want Faster Fiber Anyway"

### [Tech Dirt](#)

"US cable industry continues to roll up impressive gains in the broadband market"

### [Light Reading](#)

In August, "Marriott filed a Petition...asking the FCC to clarify exactly what operators of large venues may do to protect the security and quality of their own Wi-Fi networks." The FCC is inviting preliminary comments on the petition until December 19, 2014.

### [FCC Public Notice](#)

"FCC Gets T-Mobile to Make Throttling Practices Clearer"

### [Broadband Reports](#)

"UTStarcom Seeks Piece Of Cable WiFi Market"

### [Multichannel News](#)

"In a letter to Senators Edward Markey (D-Mass.) and Richard Blumenthal (D-Conn.) today, Chairman Wheeler affirmed his commitment to a workable industry-wide set-top box standard to replace the system removed by Congress in the satellite television reauthorization bill STELAR."

## [Public Knowledge](#)

"The Big Aereo Bankruptcy Question: Who Might Buy Its Assets?"

## [FierceTelecom](#)

Op-Ed from Fmr. FCC Commissioner Michael Copps discussing the Open Internet, Comcast/Time Warner Merger, and more: "The Internet's Future is Now"

## [Benton Foundation Blog](#)

Obama's Net-Neutrality Plan Could Mean New Internet Fees

## [National Journal](#)

"Obama's plan for net neutrality makes perfect sense" . . .

## [USNews](#) (op-ed)

. . . AT&T disagrees

## [AT&T Public Policy Blog](#)

San Francisco plans to charge up to \$4,000/year for DAS sitings on city light poles

## [SF Examiner](#)

Obama Urges FCC To Set 'Strongest Possible Rules' To Protect Net Neutrality

[http://www.huffingtonpost.com/2014/11/10/obama-net-neutrality\\_n\\_6132814.html](http://www.huffingtonpost.com/2014/11/10/obama-net-neutrality_n_6132814.html)

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"Social Contract" on America. Were the Schools Wired? Was Your Family Overcharged Hundreds of Dollars & How Can High-Speed Internet have 97% Profits Margins?

[http://www.huffingtonpost.com/bruce-kushnick/investigate-time-warner\\_b\\_6142934.html](http://www.huffingtonpost.com/bruce-kushnick/investigate-time-warner_b_6142934.html)

## **BROADBAND**

John Hodgman: "The government should be laying down broadband like Eisenhower laid down interstates"

## [Washington Post](#)

"Next Century Cities Broadband Coalition Presses for Municipal Self Determination"

#### Government Executive

Podcast: Susan Crawford on her new book, The Responsive City, thoughts on what a Responsive City should look like, and the importance of "having fiber throughout a community".

#### Community Broadband Networks

MidContinent unveils "a plan to bring gigabit Internet access to...hundreds of communities in South Dakota, North Dakota and Minnesota."

#### Broadband Reports

"Bleeding Continues for US Pay-TV Operators"

#### Light Reading

"Could the Title II Feud Lead to Telecom Reform?: Debates about FCC Rules May Just Be Circling a 'Regulatory Rat Hole'"

#### MultiChannel News

"In 2004, the Pew Internet Project asked 1,286 industry experts to look ten years forward and to predict what the Internet would be like in 2014." A review of some of those predictions.

#### POTs and PANs

Net Neutrality Supporters Raise Questions About FCC Delay

[http://www.huffingtonpost.com/2014/11/18/fcc-net-neutrality\\_n\\_6178480.html](http://www.huffingtonpost.com/2014/11/18/fcc-net-neutrality_n_6178480.html)

#### DOWNLOAD HUFFPOST

"Cities Start to Get Tougher on Cable Franchise Agreements" - Several cities adopting very short (3 year) franchise terms with Comcast

#### Broadband Reports

"Zayo has completed the buildout of a new 1,000 mile intercity dark fiber route between Omaha, Neb., and Dallas, Tex."

#### Fierce Telecom

FCC Extends Deadline for Responding in Comcast/Time Warner and AT&T/DirecTV Merger Proceedings

#### FCC Public Notice"

'Stop Mega Comcast' Coalition Aims to Block Time Warner Cable Merger"; argues that no conditions could address the harms of the merger including the fact that, if authorized, "the combined company would control nearly 50% of the broadband service in the U.S."

[Variety](#)

[Multichannel News](#)

"Pay-TV operators ... are paying ESPN \$6 for every subscriber each month, whether or not they watch (or want) the channel....That cost is expected to reach more than \$8 by 2018."

[Re/Code](#)

Snapshot of the Cable Industry at the End of the 2014 Third Quarter

[POTs and PANs](#)

"Netflix accused of creating fast lanes 'at the expense of competitors': FCC commissioner revives claims made by Internet service providers."

[Ars Technica](#)