

Cablefax Daily™

Thursday — November 9, 2017

What the Industry Reads First

Volume 28 / No. 216

Blind Justice: AT&T Standoff with Trump's DOJ Threatens TWX Merger

Well, that escalated quickly. It only took a few hours Wednesday for a standoff between **AT&T** and the **Department of Justice** to spill out into the open and spiral out of control, leaving the status of the telco company's pending merger with **Time Warner** a lot murkier. The day began with AT&T senior evp & CFO *John Stephens* informing investors at the **Wells Fargo Media & Telecom Conference** that the timing of the closing of the deal is "now uncertain" due to developments in the DOJ's review of the transaction. Stephens' comments followed a *WSJ* report last week that the DOJ was "laying the groundwork for a potential lawsuit challenging" the deal if it couldn't reach a settlement with AT&T. Stephens acknowledged the company was "in active discussions" with the DOJ, but abstained from divulging the nature of those talks. Following Stephens' remarks, reports from *Reuters* and the *Financial Times* cited sources as saying the DOJ wants AT&T to sell **CNN**. Naturally, that raised questions about a connection between the DOJ demand and President *Trump's* well-documented vendetta against the Time Warner-owned news network. The *NY Times* subsequently reported that the DOJ was calling for AT&T to sell off either **Turner Broadcasting**, which includes CNN, or **DirectTV**. Things got even more bizarre when early afternoon reports cited DOJ sources as saying AT&T actually offered to divest CNN, and that the DOJ rejected that as a solution to issues with the transaction. Stephens shot that down quickly in a written statement. "Until now, we've never commented on our discussions with the DOJ," he said. "But given the DOJ's statement this afternoon, it's important to set the record straight. Throughout this process, I have never offered to sell CNN and have no intention of doing so." The aforementioned FT report claimed AT&T has been gearing up to take the Trump administration to court. There's a lot to unpack here, but one thing worth watching is how lawmakers, particularly Democrats, respond to Wednesday's news once the dust settles. While several Dems have voiced concerns about the merger, members of the party have previously expressed concerns about Trump's interference in the regulatory process for both the AT&T deal and the also-pending **Sinclair-Tribune** merger. Sen Al Franken (D-MN) gave an indication with a statement Wednesday evening that disapproved of the merger itself, but also Trump's possible involvement in thwarting it. It's unclear whether the DOJ's position on the AT&T merger is indicative of its approach to the Sinclair deal or the



November 16 | Edison Ballroom, NYC
www.cablefax.com/awards

Join us to celebrate
**2017's Most Powerful Women on
November 16 in New York City**

Register: cablefax.com/event/most-powerful-women-2017

LEA AWARDS

Women in Cable
TelecommunicationsSM
Southern California

2017 HONORING EXCELLENCE

WWW.LEAAWARDS.COM

THURSDAY, NOVEMBER 9TH, 2017

THE BEVERLY HILLS HOTEL

COCKTAILS: 11:30AM LUNCH: 12:00 - 3:00PM

THE 2017 LEA AWARDS HONOREES



MARY MCDONNELL

Two-time Oscar Nominated
Actress, Star of TNT's
Major Crimes & Syfy's
Battlestar Galactica



TERRI HINES

Executive Vice President,
Communications,
Fox Sports



KATHY PAYNE

Head, Content Acquisition
Management,
Amazon Channels



NANCY KANTER

EVP, Content and Creative
Strategy, Disney Channels
Worldwide, General Manager,
Disney Junior Worldwide

[CLICK HERE TO PURCHASE TICKETS
OR RESERVE A TABLE ►](#)

GOLD SPONSORS



SILVER SPONSORS



BRONZE SPONSORS



CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Associate Editor: Sara Winegardner, 301.354.1701, swinegardner@accessintel.com ● Community Editor: Alex Silverman, 212.621.4951, asilverman@accessintel.com ● Dir. of Bus Dev.: Rich Hauptner, 203.899.8460, rhauptner@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● VP Marketing: Amy Jefferies, 301.354.1699, ajefferies@accessintel.com ● Marketing Manager: Charlotte Clay, 301.354.1710, cclay@accessintel.com ● Production Manager: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs or Subscription Questions, Client Services: 301.354.2101, client-services@accessintel.com ● Annual subscription price: \$1,699.97/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

also-pending **Discovery-Scripps** combination. Sinclair execs during the company's 3Q earnings call chastised the DOJ for being less willing than the **FCC** to deregulate the broadcast industry. For his part, Stephens said AT&T has precedent on its side. "If you look at this vertical merger, these types of mergers bring great benefits to customers and have very routinely been approved by the DOJ and the federal government. In fact, a vertical merger like this hasn't been blocked for over 40 years," he said. He also argued the deal would not eliminate any competitors and that the resulting bundled offerings would be beneficial for consumers.

Billion-Dollar Promise: The merger situation wasn't the only news **AT&T's John Stephens** made in his remarks Wednesday. Asked about the company's public support of the tax reform plan before the House, Stephens vowed the company would increase capital spending in the US by \$1bln in 2018 if the lower corporate tax rate passes. "If tax reform was passed consistent with the House bill, for example a 20% type rate with focus on capital investments—AT&T is willing to commit that we'd increase our capital spending by a billion dollars next year. That billion dollars—given our estimates and some estimates given by outside parties—7,000 really good, if you will, working-class jobs." That capital outlay has the potential to influence the broadband market, with Stephens saying he expects the additional spend would "be fiber-to-the-prem based." Stephens also foreshadowed the 2018 rollout of a new **DirectTV Now** iteration that would provide the company with greater analytical insight and create more digital advertising inventory. He touted the strength of the vMVPD business model, pointing to low capital expenditure and customer acquisition cost. He said 60% of the company's 800K DirecTV Now customers were not AT&T customers before. While that figure is slightly less than the 700K he cited [on the company's 3Q earnings call](#), he said it represents significant opportunity to build lasting customer relationships with young consumers.

One for the Money: Based largely on the addition of **NewWave Communications** earlier this year, **Cable One** grew 3Q revenue by 23.5% YOY to \$253.8mln. Excluding NewWave's \$47.5mln quarterly contribution, Cable One's revenue was virtually flat (up 0.4%) relative to the same period last year. The company cited Hurricane Harvey as a mitigating factor, as the company lost \$1.6mln in revenue from waived service charges. **MoffettNathanson** analyst *Craig Moffett* noted the company's strategy differs from the current industry norm. "While other cable operators are trying to cross-sell subscriptions to maximize revenue per subscriber and revenue per home passed, Cable One is actively unbundling customers," he wrote. Still, for the second quarter in a row, the legacy business lost broadband subs (3.3K residential loss; 600 business gains). He noted the company is making up for sub losses with "much faster-than-industry-average ARPU increases." The question, he wrote, is "how much longer Cable One can continue

Cablefax Industry Jobs

3 Tips to Finding and Hiring the Perfect Candidate

TIP 1 : Target Candidates!

Post your openings on Cablefax's job board to reach top talent and filter applicants that lack industry experience. Ask about bundles to fit your needs and budget.

TIP 2 : Be Selective!

Don't waste time reading pointless resumes. You can search Cablefax's resume database for free, while utilizing the demographic filters.

TIP 3 : Stand Out!

Take advantage of upgrades to add exposure by taking advantage of upgrades, including weekly job eletters sent to over 40k industry executives.

Let Cablefax's Job Board do the work for you

www.cablefax.com/jobs

to cut costs (and raise prices) to grow EBITDA.”

Four Score: Sprint’s MVNO partnership with **Altice USA** will serve as a trial run for quad-play bundles—phone, TV, broadband and mobile—in the US, Sprint CEO *Marcelo Claure* said Wednesday at the **Wells Fargo 2017 Media & Telecom Conference**. Quad-play has already seen international success, Claure noted, and Altice’s cable infrastructure provides a space for Sprint to test its capabilities before forming deals with other cable providers.

Sling’s Trifecta: **Sling TV** is making three new channels available as part of its add-on packages. **NBCU’s** recently launched **Olympic Channel** is now available to Sling Blue customers in the \$10/month Sports Extra pack. The **DISH**-owned virtual MVPD also added **Mexicanal** as part of its Mexico pack, which costs \$10/month as a stand-alone service or \$5/month as an add-on. In addition, **Dominican View** is now available as part of the Caribe pack, which carries the same pricing structure. -- Meanwhile, Sling is now available on select **Samsung** smart TVs, making it the first live and on-demand OTT service on the platform.

Jolly Good Fellow: The Senate confirmed *David Redl* as head of the **National Telecommunications & Information Administration** on Tuesday night. Redl previously served as chief counsel for the House Communications Subcommittee. **ACA** pres/CEO *Matthew Polka* praised the move in a statement Wednesday, saying, “Redl has deep knowledge of the key communications issues facing the country, especially ones important to the success of rural video and broadband providers. At NTIA, Redl is slated to make key decisions on such issues as the Internet of Things and private sector access to government-controlled radio spectrum. Redl is also expected to advance his ideas intended to expand choice in voice, video and data markets across the country.” **FCC** chmn *Ajit Pai* and comishes *Mike O’Rielly* and *Brendan Carr* also released statements praising Redl’s confirmation.

Miami Heat: *Tony Vinciguerra*, chmn/CEO of **Sony Pictures Entertainment**, and “Matter of Fact” host *Soledad O’Brien* will headline **NATPE** Miami with a keynote discussion on Jan 17 centered on the conference’s theme, “A Changing Industry in a Changing World.” The announcement came in a press call with NATPE pres/CEO *JP Bommel*, who touched on programming shakeups for this year’s conference. For the first time, the NATPE Streaming Summit will join the lineup, taking a look at the current OTT and streaming landscape and its future. *Ricky Van Veen*, **Facebook’s** head of global and creative strategy, will hold a session speaking on what’s to come for the Facebook Watch platform. The annual conference will take place from Jan 16-18 at the Fontainebleau and Eden Roc Miami Beach Resorts.

Election Day: The new mayor of Westfield, NJ, is familiar in the cable world. Democrat *Shelley Brindle*, former evp, domestic distribution and marketing for **HBO**, won the race Tuesday. She defeated Westfield’s longest-serving mayor, *Andy Skibitsky* (R), 7022 to 4606, according to local news site *Tap Into Westfield*. Brindle also is a member of the board for video-streaming service **Philo**.

Santa Claus Lane: **Hallmark Channel** is extending its holiday programming events to NYC’s Meatpacking District, transforming an 8,413-square-foot gallery into the “Museum of Christmas.” Open Nov 15-19, the installation features a series of themed activity rooms including a snowball pit, infinity Christmas lights room and a life-size snow globe.

Programming: **Investigation Discovery** is revisiting the town of Dryden, NY, nearly 20 years after a trend of murders and other tragedies. Premiering on Nov 28 at 10pm ET, “Village of The Damned” will revisit that moment in the town’s history in a five-part serialized format, incorporating interviews with law enforcement and the town’s citizens. – British drama “Top Boy” is making a return with a new chapter on **Netflix**, following its 2013 end after two seasons. The show’s new chapter will include 10 episodes centered on two drug dealers playing a dangerous game in the drug market of East London. -- After the success of the show’s Season 8 premiere, **Showtime** has ordered a ninth season of “Shameless.” The comedy, which just had its highest-rated premiere since its third season, will begin production on the next season in 2018.

CFX Awards Gala: Thanks to *Yetide Badaki* of **Starz’s** “American Gods,” **Hallmark Channel’s** “Home & Family” hosts *Mark Steines* & *Debbie Matenopoulos* and the many other actors, hosts, producers and execs who attended Tuesday night’s **Cablefax** Awards Gala in L.A. The evening included the induction of **TLC’s** *Nancy Daniels*, **ESPN’s** *Connor Schell*, **El Rey’s** *Daniel Tibbets* and **FX Networks’** “It’s Always Sunny in Philadelphia” into the **Cablefax TV Hall of Fame**. Daniels said she still gets a chill every time she sees the network’s “I Am” brand spots, which challenge viewers to define themselves as opposed to letting others do it for them. Tibbets shared how blessed he felt to work with so many wonderful people over 20+ years. And Schell thanked his team, including boss *John Skipper*. The fete also featured the inaugural CFX Affiliate Marketing Hot List, as well as the annual Program and Trailer Awards. Check out all the winners and honorable mentions at <http://www.cablefax.com/event/cablefax-awards-gala-2017#2017-program-award-winners>.

Think about that for a minute...

Least Bad

Commentary by Steve Effros

There was a fascinating survey done following the testimony in Congressional hearings last week about the actions being taken by **Facebook**, **Google** et. al. regarding the manipulation of social media. As I've noted before, there is little argument that social media was intentionally used and abused in last year's election to try to skew the results. There is also little debate, on either side of the aisle, that the manipulation is still going on, and could get a lot more active in the future.

The question, of course, is what to do about it. Notably, the CEOs of those big companies did not come and testify themselves, something a lot of members of Congress groused about. But their lawyers did, and for hours on end they not only started to reveal what they knew about how their platforms were being used, but they tried to assure everyone that they were going to do something, TBD, about it to stop the abuse.

So does anyone believe them? Well, *Axios* sponsored a survey asking, essentially, "Who do you trust?" The more nuanced (and maybe too sophisticated) way of asking that question was whether folks thought that the social media platforms like Facebook and **Twitter** should be regulated like other media outlets or not. Now I would have to say I think that it's a bit of a stretch to think that most people know how "media outlets" versus "tech companies" or "social media outlets" are regulated today, let alone what would be appropriate in the future. But that seems to be the core of the question right now.

The results were not terribly surprising. Most folks were more worried about the government over regulating the tech companies than they were about the tech companies taking their own steps to deal with the acknowledged problem of election interference. While those same people



were not terribly impressed with what the companies were doing to "fix" the problem, roughly two-thirds of the sample liked the idea of interjecting the government even less.

Of course this is only one poll, and a complicated one at best because of the assumptions being made about public understanding of the current regulatory status. Nonetheless, it is indicative of something that most members of Congress will not miss, even if the last administration's regulatory leaders did: there is very little faith in government regulation of media. It's about a two-thirds, one-third split between those who think the government should stay out of regulating "tech" and those who think there should be more regulation.

Again, it doesn't seem that anyone argues the companies shouldn't be dealing with the problems they acknowledge, but there is more faith in the companies than in the government. I think that if a careful study, with adequate explanation of the actual issues were to be conducted about broadband distribution you would find very similar results.

There is almost a "role reversal" among those who advocate for total "neutrality" when it comes to broadband distribution and those, as shown in this latest survey, who favor more government control and more media oversight when it comes to social media "abuse." Of course the bottom-line question is always who decides what "abuse" is. Should the government do that, or should the companies themselves? While everyone sees what the problem is, and no one likes the options, the "least bad" choice is to keep the government out of the business of regulating the internet and broadband and social media.

Steve

T:202-630-2099
steve@effros.com

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



Congratulations to the
**MOST POWERFUL
WOMEN IN CABLE**

Including our own, Vicki Lins, President & CEO

