

Cablefax Daily™

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What the Industry Reads First

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Wait's Over: Judge Clears the Way for AT&T-Time Warner Combo

Thank goodness there was a parade for Stanley Cup winner the **Washington Capitals** Tuesday. The celebration a few blocks from the US District Court helped take a little of the tension off those waiting around for the landmark ruling on whether **AT&T** can proceed with its acquisition of **Time Warner**. In the end, it was just as the pundits predicted with Judge *Richard Leon* **rejecting** the **DOJ's** attempt to block the \$85bln deal. Leon said the government failed to meet its burden to establish the proposed transaction is likely to lessen competition substantially. In a further victory for AT&T, the judge imposed no conditions and warned the DOJ against seeking an emergency stay to prevent the companies from combining. Leon wrote that there would be no harm to the government, only to the defendants, if his ruling were stayed given that the circuit court wouldn't hesitate to unwind a merger if the facts warrant it. Among the government arguments rejected is the idea that AT&T would have reason to withhold or restrict **HBO** from competitors. Leon said HBO is a volume-based business with no ads, meaning more subs equal more revenue. He added that the government failed to show that HBO is so valuable that withholding it would actually drive consumers to AT&T, quoting a **Comcast** exec who said **Netflix** is a "substitute" for HBO. The government had suggested that the deal creates a likelihood that AT&T would coordinate with Comcast-**NBCU** to harm virtual MVPDs by withholding content. Leon wrote that the DOJ lacked evidence to show more than a theoretical possibility of coordination, plus both would lose large amounts of affiliate fees and ad revenue by withholding content. "If there ever were an antitrust case where the parties had a dramatically different assessment of the current state of the relevant market and a fundamentally different vision of its future development, this is the one. Small wonder it had to go to trial!" Leon wrote in his 170-plus page opinion. AT&T responded by saying it looks forward to closing the deal on or before June 20. The current agreement between the two companies expires June 21, with speculation that if the aforementioned stay is granted as the DOJ pursues an appeal, Time Warner could look for additional compensation from AT&T to extend the merger agreement deadline. Leon's ruling gives Comcast a big green light in its pursuit of **Fox** assets, upping the likelihood of a bidding war with Disney. Its all-cash offer could be coming Wednesday. Indeed, many predict a flood of media deals to follow—and perhaps a bit more trepidation from the government when it comes to challeng-

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Final Entry Deadline:

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ing them. “I would argue that had this merger been announced three years earlier, the Department of Justice’s case against it would have been stronger. But, the media landscape has changed dramatically and will continue to do so,” Villanova chair of economics *Mary Kelly* said in a statement ahead of the ruling. “Consequently, the government should lose this case, and prior to challenging the other mergers that are likely to follow, I hope they fully consider the taxpayer cost of doing so. For now, I would suggest that we let the marketplace, not the government, sort things out.” Of course, there’s still the White House, with many wondering if President *Trump* (who has been vocal in his criticisms of **CNN** and the AT&T-TWX deal) will weigh in. Among those reported to be in DC for Tuesday’s verdict was *John Stankey*, who will lead Time Warner for AT&T if/when the deal closes, and DOJ antitrust chief *Makan Delrahim*. Earlier in the day, Delrahim spoke at an **Open Markets Institute** event, declaring that DOJ brought the “lawsuit to prevent an aspect of AT&T’s anticompetitive acquisition of Time Warner from making it a gatekeeper to competition in cable TV.” He took care to say that the Antitrust Division isn’t against large corporations, but is simply “unafraid to go where the facts and law take us to protect the free markets and American consumers.” Reporters lined up early to grab one of the coveted courtroom seats, all filled by morning. In fact, *BloombergTV’s Jennifer Rie* told viewers that despite employing a line stander overnight she still didn’t nab a spot. The courtroom opened a little after 3:30pm to give everyone time to assemble before Leon read his ruling at 4pm. Inside the courthouse in the hours leading up to the verdict, the cafeteria was the great equalizer, we hear, with AT&T, Time Warner and DOJ execs all milling around along with reporters. AT&T and Time Warner execs have had plenty of practice waiting. It’s been nearly 20 months since AT&T announced the deal.

AT&T-Time Warner Reaction: ACA said it was disappointed the AT&T-Time Warner deal wasn’t blocked or a commercial arbitration offer made by the companies wasn’t enhanced (it did not apply to **HBO**). “The Court’s decision runs counter to numerous findings over the past 15 years by the **FCC** and **DOJ** that vertical combinations between video programmers and distributors require robust conditions to constrain the incentive and ability of the combined firm to raise prices to rivals and reduce choice,” the group said, arguing that the FCC and DOJ should prevent **Comcast-NBCU** from acquiring additional firms—“such as **Fox**” and impose the same AT&T/Time Warner commercial arbitration offer on Comcast-NBCU. ACA was joined in its criticism by Sen *Ed Markey* (D-MA), who called the decision “an assault on consumers, choice and innovation” that is likely to further fuel “merger mania in ... telecommunications and other markets.” That’s where ACA and Markey part ways, with the senator then decrying that the deal highlights the need to return to Title II regulation to stop AT&T from blocking or slowing down competitors. **Wells Fargo Securities** declared that the verdict should be a huge catalyst for stocks, not just

June 2018

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100

Top Power Players

HIGH ALTITUDE
Rising Stars 38-48

ON FIRE
Breaking the Top 100

SUPERNOVAS
The Rest of the 100 112

GALACTIC QUEST
Regional Post 124

Drumroll please...

Cablefax's annual must-read is here. Inside, we run through the most influential leaders and rank them 1-100, while also highlighting those executives delivering results on a regional level.

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AT&T's but those that are currently involved in M&A (**Sinclair, Tribune**) or those historically or potentially involved in M&A, such as Charter.

Watering Hole: **MachineQ**, **Comcast's** IoT service, and water tech company **Neptune Technology Group** have together created a solution aimed at moving forward smart city projects focused on advanced water metering and infrastructure. Available now, the solution allows water utilities and municipalities a connectivity option to wirelessly gather data about their critical infrastructure. Current manual meter monitoring systems force utilities and municipalities to send employees to difficult-to-reach areas where the infrastructure is typically located. The solution will allow employees and resources to be focused in other areas while delivering water to customers more efficiently.

Trading Spaces: It won't be business as usual for the 2018 season of **Big3**, with **Fox Sports** unveiling a multiplatform distribution plan for the games. A game will stream live exclusively on **Facebook** each week, with three others airing on Fox or **FS1** and being simulcast live in the Fox Sports app during the regular season and playoffs. Additional content coming to Facebook includes highlight reels and game recaps of all 37 showdowns.

Closing the Gap: **Blue Ridge Communications** finished a 12-month initiative to bring 1 Gig internet speed to its entire service area. Blue Ridge primarily services northeastern and southeastern Pennsylvania, much of which is rural. The operator said it's the only provider offering gigabit speeds in the majority of the areas it serves. The launch follows last year's rollout of HomeFi, a whole home WiFi solution with **eero**.

Globetrotting: **Verizon Fios** is partnering with Chinese TV and telecom service provider **iTalkBB**, allowing it to offer Chinese TV programming to its customers. Fios Internet customers will have access to movies, series and variety shows along with over 60 live channels from China, Hong Kong and Taiwan through an iTalkBB OTT box. Customers buying a new Fios Internet package will have free access to iTalkBB's programming for 12 months.

Couch Potato: There's no more need to pick up that remote. **DISH** integrated new **Amazon Alexa** voice commands allowing customers to set recordings, launch apps and navigate menus on Hopper set-top boxes. The new commands include "Alexa, launch Netflix" or "Alexa, go to my DVR." The commands are available for use by any DISH customer with an internet-connected Hopper DVR, Hopper Duo, Joey or Wally paired with an Amazon Echo device.

Girl Power: Plenty of female powerhouses are building strong businesses, and **USA** is spotlighting them while promoting Season 3 of "Queen of the South." Starting Thursday at 1pm, fans can enter their info at makeitreign.usanetwork.com to receive a custom show-inspired beauty or lifestyle item produced by a company owned by a female entrepreneur. The businesses featured are **Jean Zeano Designs**, **Melanie Marie**, **NCLA Beauty**, **Reina Rebelde**, **Shashi** and **Twisted**. The promotion will run for six days until the season premiere on June 21 at 9pm, with a different brand featured each day.

Ratings: **Nat Geo's** "One Strange Rock" hit the mark with viewers. The first season was watched by more than 61mln viewers globally on the network. Will Smith hosted the 10-part docuseries, which was the fourth most-watched series debut in the network's history, falling behind "The Story of God," "Genius" and "MARS."

Practice Time: **Seacoast United Sports Club** chose **Comcast** Business Internet and Business VoiceEdge services to manage its facilities and team sports in 11 locations. The organization, which offers team-based sports across three states in New England, will use the service to coordinate athlete registration information for the various teams, scheduling of indoor and outdoor facilities, internal business operations and the provision of WiFi access for visitors.

Programming: **History's** unscripted series "In Search Of" is set for a July 20 premiere date. Airing at 10pm, the **Zachary Quinto**-hosted series will examine the unexplainable things happening around the globe. -- **Pop** greenlit an original comedy heading into production this fall. "Florida Girls," a ten-episode comedy, centers on four girls stuck in a small town transitioning into adulthood. -- **WGN America** added two originals to its lineup. "Carter," a 10-episode series revolving around a former TV detective, will debut on August 7 while "Gone," exploring the life of a child-abduction survivor turned investigator, premieres in early 2019. -- **Fox News'** "ObJECTified" will return with a second season on June 24 at 8pm. **Harvey Levin** hosts the series, interviewing celebrities telling their life stories through sentimental objects. -- **Starz** greenlit a second season of "Vida" from **Tanya Saracho**. -- "Jamie's American Road Trip" and the second season of "Rachel Hunter's Tour of Beauty" are coming to **Ovation**. The former will be available on **JOURNEY** from July 4-October 31 before coming to Ovation on November 1 at 4pm. The second season of **Rachel Hunter's** series will appear on JOURNEY from July 13-September 5, premiering on Ovation on September 6 at 10pm.