

Cablefax Daily™

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What the Industry Reads First

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Broadcast Beat: Tribune Calls FCC Order Troubling

Sinclair may have withdrawn its divestiture plans for Dallas, Houston and Chicago, but the FCC said material questions remain, including potential misrepresentation or lack of candor, that may suggest granting the deal would not be in the public interest. That's the wording from the FCC's hearing designation order, released Thursday after all four commissioners voted to send the deal to an administrative law judge. Sinclair has denied those claims, saying it has been transparent through the entire review process of its proposed \$3.9bln acquisition of Tribune. Tribune said Thursday that it has reviewed the "troubling" order and is evaluating its implications. "We will be greatly disappointed if the transaction cannot be completed, but will rededicate our efforts to running our business and optimizing assets," Tribune said. Adding to the pressure for action soon: the Sinclair-Tribune merger agreement expires on Aug 8. The FCC order discusses how Steven Fader, an individual with "no prior experience in broadcasting who currently serves as CEO of accompany in which Sinclair's executive chairman has a controlling interest," would purchase WGN at a price that "appeared to be significantly below market value." That \$60mln price tag for WGN falls far below the \$425mln Fox paid for Chicago's WPWR in 2002, the order notes. It also goes into the ties between Sinclair and Cunningham Broadcasting, which was to buy the Dallas and Houston stations. "In particular, we question the close relationship between Sinclair and Cunningham, an existing loan guarantee between Sinclair and Cunningham, and the proposed purchase price," the order reads. Commish Michael O'Rielly has been critical of the ALJ process, but ended up supporting the order because changes were made at his request to improve the process. This includes the ALJ issuing a schedule, including a completion date. However, O'Rielly conceded that it's not a total fix. "I am less than sanguine that this effort will be of extended value, as I realize that many merger applicants will be unable to withstand the market pressures to end transactions long before any such timelines are established or exhausted," he wrote, adding that the process still needs major reforms. The FCC's move drew a WSJ editorial Thursday that called on Congress to change broadcast ownership restrictions. "Media content companies and telecom delivery systems are fast converging, which has propelled Sinclair Broadcast Group's merger with Tribune Media. Pity Federal Communications Commission Chairman Ajit Pai, who must manage this economic change with outdated communications laws," it began, declaring that mechanisms such as the 39% broadcast ownership cap are "passé" and

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make it harder for broadcasters to scale up and compete with Facebook and Google for advertising dollars.

Comcast Out of Fox Hunt: Days of headlines saying **Comcast** wasn't going to try to top **Disney's** bid for **21st Century Fox** assets finally proved true, with **Sky** still the big question mark. Many observers have argued the UK satellite platform is more important to Comcast. Indeed, in making the announcement Comcast will focus on its recommended offer for Sky. Investors aren't keen on the deal, with Comcast's stock suffering since it announced its \$34bln bid for the platform, including Fox's stake. **MoffettNathanson** analysts worried Thursday that Comcast has become so enamored with what Sky "could become that they lost sight of what Sky actually is"—a satellite provider facing "technological obsolescence." In a note, *Craig Moffett* expressed skepticism of Comcast acquiring Sky without Fox's TV studio as a complementary asset, suggesting it would be difficult and expensive to ramp up a production slate fast enough with only **Universal Studios**. Meanwhile, with it now looking more certain that Disney's \$71bln offer for the Fox assets will prevail, word has started to leak that **Fox Networks Group** chief *Peter Rice* will likely join Disney. That's going to take a while. Assuming all goes well at the July 27 shareholder vote, each individual country Fox does business in will have to sign off on the deal. That's why Disney has said it expects the transaction to take a year to 18 months. "Our incredible enthusiasm for this acquisition and the value it will create has continued to grow as we've come to know 21st Century Fox's stellar array of talent and assets. We're extremely pleased with today's news, and our focus now is on completing the regulatory process and ultimately moving toward integrating our businesses," Disney chmn/CEO *Bob Iger* said. Disney/ABC TV Group pres *Ben Sherwood* is expected to have a prominent role at the company and Fox's *Dana Walden* is expected to join Disney, *TheWrap* reported. *Variety* said it is believed **FX Networks'** *John Landgraf* will join the House of Mouse along with **Nat Geo Partners** CEO *Courteney Monroe*.

Spectrum for All: There was a push at Thursday's **MMTC** Access to Capital and Telecom conference for the **FCC** to adopt rules for the upcoming 3.5 GHz auction that will be a compromise allowing for some smaller licensing than usual. "5G is a nascent technology. We don't know the true potential of 5G yet," said *S. Jenell Trigg*, a member of boutique law firm **Lerman Senter**. "It need not be just for wireless. It needs to be for fixed wireless, cable, utilities... If you don't have smaller census blocks, you will leave rural America behind." Licenses with smaller blocks is especially important for many attending the conference, with nonprofit **MMTC's** mission to advocate for women and minority advancement in communications. Smaller entrants will face a tougher road with huge licensing blocks, something cable operator **Midco** told members of Congress earlier in the week. Trigg likened it to someone wanting to open a kiosk at the mall, but being told they'd have to purchase the entire shopping mall instead. "We want everyone to have an opportunity for



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Contact Mary-Lou French
at mfrench@accessintel.com

Advertising Information Contact:

Olivia Murray, Account Executive
omurray@accessintel.com or
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5G. Not just the incumbents,” she said. There are compromise proposals at the FCC for a mix of large-area and small-area licensing, including a joint stakeholder proposal that includes **Google**, **NCTA** and **WISPA**. Incumbent **AT&T** was at the MMTC conference, with federal regulatory vp *Hank Hultquist* raising the argument that you have to be careful that the license is big enough that the management of interference doesn't consume the bulk of the spectrum. Hultquist said the FCC appears close to resolution on the issue, but observers said where the FCC ultimately ends up on the issue remains cloudy. **Comcast** exec dir, external affairs *Jacquelyn Puente* repeatedly called for technologically agnostic approaches, particularly as the country embraces smart cities. “We've seen the playbook before where preferential treatment to some providers can really hinder the fundamental infrastructure investment that would make this technology a reality for the communities that need it most,” she said. “Any special relief provided to wireless providers should be narrowly tailored so that we can increase competition across the marketplace, which is needed in order to bring this where we think there's the greatest potential—whether it's in rural America or our cities.” *Donna Epps*, **Verizon's** vp, public policy and strategic alliances, used the term smart communities vs smart cities to make it clear that the potential expands well beyond large metropolitan areas. “The basic premise [of smart cities] is improving people's lives,” she said, calling on the US to remain competitive so that 5G can be deployed rapidly.

AT&T-TWX: The **DOJ's** appeal of **AT&T-Time Warner's** combination claims the DC Circuit judge erred in rejecting the government's bargaining leverage theory, finding that **Turner** “would not be incentivized to actually engage in a long-term blackout with a distributor.” The DOJ's filing argues that the court's “disregard of economic reasoning constitutes reversible error.” It has asked for an expedited schedule with final briefs due Oct 18 and oral arguments shortly thereafter. The govt said AT&T does not oppose the proposed schedule.

Taking a Bite: With **Discovery Channel's** “Shark Week” premiering Sunday, **Standard Media Index** took a look at the amount of money the annual programming stunt has brought in. Last year, it estimates Shark Week brought in \$20.2mln in revenue and \$16.6mln in 2016. A pretty nice uptick given that the firm pegs the average weekly revenue for the channel at \$12.7mln in '17 and \$12.1mln in '16. -- In other ad news, **Disney** has wrapped its upfronts, with CPM increases reportedly in the low double-digits across all dayparts and in high-singles in cable. Digital continued to climb, up 25% vs 2017 (after rising 20% in 2017 to the prior year). Overall revenue is reportedly up high single-digits across the board in all broadcast, cable and kids.

Discovery Ad Team: **Discovery** announced the US ad sales structure following its acquisition with **Scripps**. It is combining sales into three network bundles: 15-year Scripps vet *Greg Regis* is evp, natl ad sales, overseeing the teams for **HGTV**, **ID**, **Animal Planet** and **DIY**; *Karen Grinthal*, previously svp, ad sales for **Food** and **Cooking Channel**, is now evp, national advertising sales overseeing the teams for Food, **TLC**, **OWN** and Cooking; and 21-year Discovery vet *Scott Kohn* is now overseeing **Discovery**, **Travel**, **Science** and **Motor Trend**. The three all report to US ad sales chief *Jon Steinlauf*.

Programming: **ESPN's** *Linda Cohn* signed a new deal with the network to remain with the company for years to come. She will remain a “SportsCenter” anchor and will increase her role in hockey coverage. Cohn also will continue to serve as the primary host of **ESPN+'s** hockey program “In the Crease,” which will expand to a full **NHL** season. Cohn joined ESPN in 1992 and has been anchoring SportsCenter for 26 years, the most of any anchor in ESPN's history. -- **YouTube** ordered a second season of the supernatural thriller “Impulse” from **Universal Cable**. It will premiere on **YouTube Premium** in 2019. -- **AMC Network's** **Sundance Now** and **Shudder** today announced at San Diego Comic Con the joint acquisition of the **Skj** original production, “A Discovery of Witches.” The eight-episode show is based on the bestselling novel of the same name by *Deborah Harkness*.

Obituary: *Richard (Dick) Gessner*, founder of Ohio operator **MCTV**, passed away Wednesday at the age of 90. He founded what was then called Massillon Cable with his wife *Susan* in 1965. His first cable TV experience was obtaining franchises in upstate NY, helping the late *Paul Harron* launch **Harron Communications'** first systems. Recognized as a **Cable Pioneer**, Gessner was one of the founders of the **Ohio Cable Television Assn** and served as chair of the **Community Antenna Television Assn**. “MCTV was very special to my dad. Actually, it was the people at MCTV who were so special to him. He gave so much of his time and energy to the company,” said his son *Robert Gessner*, MCTV pres/**ACA** chmn. “It is hard to understand the impact he had on the company, the industry and so many people and the community at large.” In a 2011 **Cable Center** interview with the father and son, Richard Gessner said that keeping employees happy is very important for a small operator, detailing that the company pays 80% of the cost for college for employees' children after they've worked there five years. A memorial will be held in Massillon on July 23. Contributions can be made to St. John's UCC or the Massillon Museum Capital Campaign (121 Lincoln Way E, Massillon, OH 44646).

PROGRAMMER'S PAGE

The Appeal of 'Sex, Lies & Murder'

With its newest show "Sex, Lies & Murder," Reelz is tapping into America's fascination with crimes of passion. Hardly anyone can resist a compelling story, and Reelz is betting that its viewers will embrace the twists and turns that come along with the true crime cases of relationships where broken intimacy has led to murder. "There's not a lot of ambiguity about what it's about with that title," quipped Reelz svp, development and production Rob Swartz. "It's a show the producers should be very proud of having made." Reelz decided to further explore the crime genre following the success of its documentary series "Murder Made Me Famous." The network asked itself what are the elements that make a show even more compelling. "And we realiz[ed] that shows that have a crime of passion, oftentimes with love triangles or that sort of area, those shows make you lean forward and be interested a little bit more," Swartz explained. Each hour-long installment explores a real murder case. Some are a more traditional "whodunnit" scenario, whereas in others the viewer knows the identity of the killer from the beginning, and the episode explores how it happened. "Every episode is a compelling murder mystery. There's twists and turns, the goal is to have at least two surprises to the viewer," Swartz said. Reelz has ordered 40 episodes of the show, which is currently in production. The first episode, "Porn Star Killer," premieres Saturday at 10pm. It explores the death of a businessman that occurred at the culmination of an all-night sex party. - Mollie Cahillane

Reviews: "Light in the Water," 4am, Friday, **Logo**. If one of the marks of a good documentary is that viewers become aware of something for the first time, then this film has made it. By chronicling the formation of the **West Hollywood Aquatics Team**, or **WH2O**, it also informs the viewer about the creation of the **Gay Games**, where LGBT athletes compete every four years. Begun in 1982 with some 1,400 athletes, the next edition will take place in Paris in August and feature 10K competitors from 70+ countries, slightly smaller than the Summer Olympics. Although the film could lose 20 minutes without suffering, it tells an important story of how gay athletes found solace in sport at a time when mainstream organizations wouldn't permit them to compete. -- "Castle Rock," series premiere, Wednesday, **Hulu**. In TV, nothing succeeds like success. **FX** succeeded handsomely with " Fargo," maintaining tonality from the *Coen* brothers' film and creating an anthology series. Hulu is trying something similar, taking pieces of *Stephen King* stories set in this obviously cursed New England town and spinning original tales. Helping is a strong cast, including *André Holland* ("The Knick"), King alum *Sissy Spacek*, *Melanie Lynskey* ("Two and a Half Men") and resident creep, the wonderful *Bill Skarsgård* ("It"). Add *J.J. Abrams*, mix and it's hard to go wrong. - Seth Arenstein

Basic Cable P2+ Prime Rankings* (07/09/18-07/15/18)		
Mon-Sun	MC US AA%	MC US AA (000)
FNC	0.883	2,688
MSNBC	0.518	1,576
HGTV	0.461	1,403
USA	0.426	1,299
TBSC	0.348	1,061
ID	0.330	1,004
HIST	0.326	992
TLC	0.307	936
NICK	0.292	891
FOOD	0.289	879
HALL	0.288	878
A&E	0.282	860
CNN	0.276	840
HMM	0.260	793
DISC	0.260	791
ADSM	0.250	761
NAN	0.243	739
FX	0.241	735
TNT	0.238	726
DSNY	0.215	653
SYFY	0.196	596
LIFE	0.195	595
DSJR	0.188	573
TVLAND	0.183	557
ESPN	0.181	551
INSP	0.175	532
MTV	0.164	499
VH1	0.162	492
AMC	0.161	490
BRAVO	0.158	481
GSN	0.157	479
NKJR	0.149	453
TRAVEL	0.149	452
CRN	0.149	452
NATGEO	0.148	452
APL	0.145	442
PARA	0.142	431

*P2+ L+SD rankers are based on national Nielsen numbers, not coverage.

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