

Cablefax Daily™

Monday — October 29, 2018

What the Industry Reads First

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Broadband Baby: Charter's 3Q HSD Adds Impress

Charter ended 3Q with 266K residential broadband net adds, better than the 234K Wall St expected and ahead of 3Q17's 250K adds. With gigabit service to be available to all 51m homes passed by the end of the year, management believes the runway for HSD is strong. Voice lost 107K customers vs a gain of 26K a year ago. That's partly due to lower retention at **Time Warner Cable** systems, but it's all indicative of Charter moving mobile into the third slot of the triple-play offering. "Even though the revenue per household for the new triple play will be higher, we will be saving customers more money with the best products," CFO *Christopher Winfrey* said during the company's earnings call Friday. Mobile, which really didn't begin sales in earnest until after Labor Day, ended the quarter with about 21K lines. In the coming months, Charter will let customers transfer their existing handsets, with even more enhancements coming mid-2019. CEO *Tom Rutledge* acknowledged that the MVNO offering through **Verizon** is limited in some ways, but added it's more than Charter had a few months ago and there are opportunities to expand mobile technologically in the future (ie, CBRS spectrum auctions, dual SIM and eSIMs mobile devices, and so on). "It will take a while for the product to start contributing to FCF; however, we think it will be a material source of growth, FCF and value over time," **New Street Research** analysts said. Even video losses of 54K were better than a StreetAccount consensus. "Charter's overall video subscriber base is still shrinking (now at a rate of 1.5% YoY), but the result is a clear improvement; for the second straight quarter, the loss was lower than last year's loss of 104K," said **MoffettNathanson**, who had predicted a video loss of 84K. Charter's Rutledge said bundled video continues to see erosion, but that it can still be used to drive overall customer relationship growth. As for those dismal **AT&T** video results earlier in the week, Rutledge issued a 'told-you-so,' saying he's said all along that the shrinking of satellite would benefit Charter's business. Other trends, such as increasing prices for vMVPDs, also have helped, he said.

California Law Paused: A lawsuit challenging California's strict new net neutrality law is likely to be paused pending resolution to the FCC's decision to reverse 2015 net neutrality rules. California has agreed to not enforce the laws as a federal court (and likely the **US Supreme Court**) considers challenges to the **FCC's** Restoring Internet Freedom Order, which removed Title II regulation for ISPs. All parties, including **DOJ**, **NCTA** and **ACA**, have requested the CA District



Awards Luncheon

Thursday, Nov. 15 | 11am - 2pm | 583 PARK Avenue

The industry has so many incredible women with the drive, the passion, and the smarts to find success for their companies and partners amid the fast-changing TV ecosystem.

Join the female executives making a difference at the **Most Powerful Women celebration luncheon** in NYC on Nov. 15. **Register now!**



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court hearing challenges to the state bill be stayed pending final resolution of the FCC challenge. The US District Court of Eastern CA will have to approve the move. "This substantial concession reflects the strength of the case made by the United States earlier this month. It also demonstrates, contrary to the claims of the law's supporters, that there is no urgent problem that these regulations are needed to address," FCC chmn *Ajit Pai* said. NCTA, **USTelecom** and the other trade groups issued a joint statement calling the decision a "win for consumers that will allow continued innovation and investment while these deliberations continue." CA is among 22 states that have filed a petition for review of the FCC order returning broadband to regulation as an information service. Oral arguments in the FCC case are slated for Feb 1, with the CA law originally set to take effect Jan 1. In a court filing Friday, the parties involved in the CA lawsuit wrote, "although Defendants maintain that Senate Bill 822 is constitutional, and do not concede any liability, the Hobbs Act has been construed by the United States Court of Appeals for the Ninth Circuit to mean that: (1) a federal district court must presume the validity of a final FCC order until its validity has been finally determined by a federal appeals court; (2) the Hobbs Act precludes district courts from considering an affirmative defense to the extent such defense is based on a challenge to the validity of a final FCC order."

Goodbye FilmStruck: WarnerMedia is closing down **FilmStruck**, the streaming service dedicated to older, foreign, independent and art house-style films from **Turner Classic Movies** and **The Criterion Collection**. FilmStruck stopped accepting new subs on Friday, and the service will shutter for good on Nov 29. Turner and WarnerBros Digital Networks released a joint statement, saying "We're incredibly proud of the creativity and innovations produced by the talented and dedicated teams who worked on FilmStruck over the past two years. While FilmStruck has a very loyal fanbase, it remains largely a niche service. We plan to take key learnings from FilmStruck to help shape future business decisions in the direct-to-consumer space and redirect this investment back into our collective portfolios." The move seems to be the latest attempt by **AT&T** to streamline operations by cutting niche business ventures. The VOD service **Drama Fever**, specializing in Korean dramas, closed Oct 16. Last week Turner announced it was closing **Super Deluxe**.

AT&T 5G Maneuvers: AT&T said it completed the world's first millimeter wave 5G connection to a standards-based device on a mobile 5G network. It took place in Waco, TX, on the **Netgear** Nighthawk 5G Mobile Hotspot. "We remain on track to be the first carrier to introduce mobile 5G services in the U.S. AT&T said it's on track to reach at least 12 cities this year (including Atlanta, Houston, and San Antonio) and 19 early next year.

Homework Gap: New data from **Pew Research** shows that 15% of US households with school-age children do not have a high-speed internet connection at home. Approximately one-third of households with children ages 6-17 whose annual

Cablefax: What's Happening in November

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Supporting Veterans

The US Veterans Administration projects there will be more than 3.4 million veterans who served in post 9/11 conflicts by 2020, with 1.8 million of these veterans under the age of 34. This is an important and growing segment of the population that has served us at home and abroad while making great sacrifices. In honor of Veterans Day, Cablefax looks at how the industry is recognizing these men and women—including veteran hiring initiatives, special programming and training/support.

Most Powerful Women Magazine

Cablefax's annual Most Powerful Women in Cable magazine, honors the women whose outstanding leadership, innovation and community continues to change the industry for the better.

Holiday Programming

It's a time when many families gather around the TV together. We'll look at what's hot this holiday season.

Big Data & Cross Platform Measurement

Cablefax will demystify and break down the enigmatic world of measurement and how it's rapidly evolving to serve the needs of an increasingly complex multiscreen world that integrates traditional content, digital platforms and social interaction into a chaotic and consumer-driven business.

Awards

Tech Awards

Deadline:
November 9

Final Deadline:
November 16

Events

Program & Trailer Awards/Gala
November 8
Taglyan Complex,
Los Angeles

Most Powerful Women Luncheon
November 15
583 Park Ave,
NYC

income is below \$30K a year don't have high speed internet, compared to just 6% who earn \$75K or more a year. The broadband disparities are even higher among low-income black (41%) and Hispanic (38%) households compared to white (28%) households. Overall, 17% of teens say they are often unable to complete assignments because they do not have reliable internet.

Programming: HBO acquired the rights to "Icebox," produced by Oscar and Emmy winner James L. Brooks. The drama will debut Dec 7. -- **Netflix** canceled "American Vandal" after two seasons. The second season of the mockumentary series premiered in Sept. -- **Disney's** "Andi Mack" will anchor Friday prime-time lineup beginning Nov 2 at 8pm. The series is cable's no. 1 rated series among Girls 6-14 and Disney's no. 1 rated series. -- **Fuse** announced that actor, producer and activist Wilmer Valderama will headline **The ALMAs 2018**. Honorees include Eva Longoria, the cast of "Jane the Virgin," Parkland survivor Samantha Fuentes and **Zero Hour** founder Jamie Margolin.

Mentors Wanted: Cablefax is seeking mentors for the 2018 People to Watch event on Dec 4 at NYC's Yale Club from 11-2pm. The luncheon will kick off with mentoring roundtables with senior leaders in the industry, followed by an awards luncheon. If you are interested in being a mentor or know someone who is, please email Michael Grebb at MGrebb@accessintel.com.

Cablefax Dashboard

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Up Ahead

Nov 2: One Day Immersion in Media, Entertainment and Technology; NYC

Nov 8: Cablefax Program & Trailer Awards Gala; LA

Nov 13: 2018 Interactive Case Competition; NYC

Nov 15: Cablefax Most Powerful Women Luncheon

Nov 29-30: WICT Betsy Magness Graduate Institute, Philadelphia

Dec 4: Cablefax People to Watch

Research

- A total of 49% of home security system customers have smart home features integrated in their systems, up 44% from 2017.
- The two most common methods of operating a security system are touch-screen control panels (56%) and mobile devices (40%).
- The main reason customers purchase home security systems are "peace of mind" (60%) and to "protect property" (56%)

(Source: J.D. Power 2018 Home Security Satisfaction Study)

Quotable

"I try to think the job from management is to put on earmuffs and try to do what you think is right. If you had a private company and owned all, what would you do if it was all your own money?... They've grown every year they've been in business. That's basically the same for Comcast. They have the best product. We feel that's definitely the case here in the US [for Comcast], and the chemistry is off to a fabulous start."

– Comcast CEO Brian Roberts on CNBC's "Squawk Box" discussing the Sky acquisition.

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