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Strike Up the (C) Band: Cable Wants Protection

Cable offered up an earful to the **FCC** as the agency considers options that will open the C-band (3.7-4.2 GHz band) for terrestrial wireless use. "With wider channels that are not restrained by incumbents, C-band spectrum would enable new entrants like **Charter** to fully compete and help put 5G innovations in the hands of more Americans," Charter wrote in a blog post Wednesday, a day after joining others in filing comments in the FCC's proceeding on the band. The MSO believes the band holds potential for ubiquitous 5G that will power the Internet of Things, smart cities, artificial and virtual reality apps, rural broadband and more. Charter subsidiary CCO **Fiberlink** has filed an application to conduct experimental testing in the band. That said, Charter joins other cablers, including **Comcast** and **NBCU**, in asking that the FCC move carefully to protect services that use the band. **NCTA** has called on the FCC to ensure that any new spectrum made available is done through a transparent process subject to agency oversight—including the ability to enforce commitments to protect existing users. In particular, it's concerned by a proposal from the **C-Band Alliance**, which it claims is more about maximizing members' profits. The Alliance was formed by the four satellite operators providing the majority of C-band satellite services to US customers—**Intelsat, SES, Eutelsat** and **Telesat**. The Alliance's head of relations, ex-**Disney** lobbyist *Preston Padden*, defended the plan on **Twitter** this week. He highlighted to **ACA** members that the plan protects current C-band customers by paying their transition costs. The band is heavily used by ACA's independent operator members to receive video content. Like the larger operators, ACA has concerns about the Alliance's recommendations. "A coalition consisting exclusively of satellite operators will have price setting as its core mission, and it will be difficult to compartmentalize prices for the spectrum these operators are licensed to operate in and prices for the services they provide on that spectrum," ACA said in reply comments this week. With so many of its members reliant on the C-Band, ACA is urging the FCC to clear at most 50Mhz of spectrum for 5G. The Alliance has said it can clear up to 200Mhz—a figure cable says hasn't been backed up by testing and other data. Others, like **Verizon, T-Mobile** and **CTIA**, have urged the FCC to offer even more megahertz of spectrum in the band.

Altice Talks RSNs, Amazon: Don't bet on **Altice USA** throwing its hat in the ring for the 22 **Fox** RSNs currently up for grabs. Though CEO *Dexter Goei* acknowledged that the sports nets are part of life/the bundle, "I think it's on the face

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of it, an unnatural business model, because fundamentally you're excluding people outside your DMAs from being able to access content," he said Wednesday in an address at the **Paley Center for Media** in NYC. "I think the reason why it's a relatively difficult auction is because it's a very large piece of content that's very expensive in many respects, and people don't know what the finite lifetime is." His soon-to-be neighbor **Amazon** is among those reportedly interested in the RSNs. Amazon will be residing in Altice's Long Island City building when the new headquarters opens before moving to its own campus. "Obviously with Amazon coming that whole area is going to grow. Coming into our building will be a temporary thing. It's fantastic for New York City. This is the center of the finance universe and lots of other trade and cultural things in the US," Goei said. He's not afraid of Amazon and other's OTT options either. "Fundamentally you can't ever put the toothpaste back in the tube," he explained. "OTT applications and other forms of content are here to stay. People want them, whether they are additive or they replace the cable bundle. That is our job to make sure you have access to them, in the easiest, most seamless way in a good user interface. I'm just as happy in any respect that you stay with Altice as a consumer." Naturally, he did spend a few minutes talking up the Altice One platform, comparing it **Comcast's** X1 service. He also touched on Altice USA's partnership with **AT&T** in terms of addressable advertising. "One of the things people don't understand about addressable television advertising is you actually have to enable channels to insert ads easily, and AT&T is at the forefront in enabling as many channels as possible to do that," he said.

FCC December Meeting: Busy last **FCC** meeting of the year, which included opening up the 2018 quadrennial review of media ownership rules, including the dual network rule that prohibits a merger among the Big 4 broadcasters. It's worth noting that the FCC put forth no proposals or tentative conclusions in its request for comments on broadcast rules. "We didn't want to foreclose … one avenue of opportunity for the Commission to follow, and we didn't want to rule in any particular options," FCC chmn *Ajit Pai* said. Dem *Jessica Rosenworcel* dissented in part to the notice, seeing the item as a proposal to eliminate the dual network rule. Pai stressed that the review makes no conclusions and that the agency is required by law to review the dual network rule every four years. "Refusing to include it in the review would've violated the law and as a result the request to remove it from the notice doesn't even constitute a good faith attempt to reach consensus," he said. All four Commissioners gave the OK to an order establishing rules for a 5G auction in 2019 in the Upper 37 GHz and 39 GHz bands as well as the 47 GHz bands. The incentive auction of these spectrum bands will have two phases: a clock phase in which bidders may bid on generic license blocks, and an assignment phase in which clock phase winners may bid on specific frequencies. Other December meeting actions included establishing a reassigned number database that should help reduce the number of unwanted calls to consumers (ie, getting calls to a number previously held by a doctor's office, etc). It was adopted unanimously. The FCC also released its first Communications Marketplace report, which **Public Knowledge** jumped on and said shows cable prices are too high and broadband markets are uncompetitive. Several lawmakers, including Senate Commerce chmn *John Thune* (R-SD), applauded the agency's passage of a rural broadband order that updates the Connect America Fund programs by providing additional funding while requiring providers expand service offerings to at least 25/3Mbps (from 10/1).

Cable ONE's New Name: **Cable ONE** will retire its name this coming summer and rebrand as **Sparklight**. CEO *Julie Laulis* telegraphed that a name change was coming during 3Q earnings, promising a new name that would better reflect what the company stands for. "Cable" doesn't really fit since the company has made a point to drop the focus on video and go after higher ARPU internet customers. As part of the rebrand, the company will be streamlining its residential internet service plans and pricing in 2019, offering even faster speeds, added value and the ability to include unlimited data on any plan. "This is not simply about rebranding our products under a new name and a new look," Laulis said in a statement. "We are changing the way we do business so that our customers feel like every interaction with us is effortless, our communities know we are here for the long term and the towns and cities we serve are proud to call us a neighbor." Why Sparklight? The company hopes it will illustrate speed and connectivity while symbolizing its promise to connect people to what matters.

Media Obsession: People are more connected to media than ever, with US adults spending 10 hours and 24 minutes interacting with media each day, whether that be by watching, listening to or reading content on their devices. That's 43% of the total minutes in a day, according to **Nielsen's** 2Q18 Total Audience Report. That number is a little deceiving though, as simultaneous use of devices certainly occurs. A survey revealed that 45% of Nielsen's Media Enthusiast Community watch TV while using digital devices very often or always. Since 3Q17, time adults dedicate to media has fluctuated by up to 41 minutes per day. Seasonality plays a role in the variance, and live TV contributes most to the shifts. Radio and connected device usage remained around 34% of the total through the period while smartphones alone accounted for 65% of total digital usage, up from 62% om 1Q18. Overall video use (including traditional TV and video on devices) is down from 5 hours and 57 minutes in 1Q18 to 5 hours and 24 minutes a day

Hurricane Recovery: **WOW!** reports that 80% of its network has been restored in Panama City following Hurricane Michael making landfall in October. At month's end, WOW! expects to have more than 340 miles of network rebuilt in less than 90 days. In the aftermath of the storm, WOW! and **Cable ONE** came together to donate more than $60K to employees affected by the storm. Cable ONE donated $20K to affected WOW! employees, with WOW! adding $40K to aid efforts. Perhaps some of that goodwill was aided by the fact WOW!'s former CEO *Steven Cochran* joined Cable ONE over the summer as svp, CFO.

And the Nominees Are: Streaming content proved its excellence once again Wednesday, with **Netflix** leading the way with 15 **SAG Awards** noms in TV. But it's not just Netflix. One look at the Female Actor in a Comedy Series category is proof enough of OTT's growing dominance, with the entire category being held by Netflix (*Alison Brie* of "GLOW" and *Jane Fonda* and *Lily Tomlin* of "Grace and Frankie") and **Amazon Prime** (*Alex Borstein* and *Rachel Brosnahan* from "The Marvelous Mrs. Maisel"). **Hulu** scored three noms of its own for "The Handmaid's Tale." OTT hasn't completely wiped out the competition, with **HBO** (5), **FX Networks** (4), **AMC** (2), **BBC America** (1), **Showtime** (1), **NBC** (2), **USA** (1) and **Nat Geo** (1) all getting nods. The 25th annual SAG Awards will air on Jan 27 at 8pm on **TBS** and **TNT**.

All is Merry and Bright: **Moody's** media outlook for 2019 may be mixed overall, but its looking positively upon cable. Key factors pointing to a strong year include EBITDA growing by more than 4%, boosted by demand for broadband. Pay TV's market position is set to remain stable due to network upgrades that will maintain its technological superiority in the world of broadband. It's true that video losses are set to continue, but new broadband subscribers replacing the churn at a faster rate, will allow companies to protect their earnings, Moody's said. As far as risks, it's the same old, same old. OTT competition will continue to be a threat to traditional players while wireless carriers will launch wireless broadband through 5G.

Ratings: The second season of **WE tv's** "Love After Lockup" kicked off with a bang. The Dec 7 premiere grew over last season's by 70% with W25-54, 51% among A25-54, 44% for W18-49 and 16% with total viewers in **Nielsen** L+3 ratings. The premiere delivered 650K total viewers. -- Seattle's 21-7 victory over Minnesota on "MNF" totaled 11.462mln viewers across **ESPN** and **ESPN Deportes**.

People: **NBC** named *Philip Martzolf* its pres, affiliate relations. He'll take over the position from *Jean Dietze*, who'll be ending his 46-year career at NBCU. The transition is set for early 2019. Martzolf joins the company from **Sony Pictures Television**.

Think about that for a minute...

We Don't Know

Commentary by Steve Effros

It was a long time ago, but I remember it very vividly. I was one of a team of young lawyers at the FCC who had just successfully finished drafting the first comprehensive federal rules for "CATV." One of the many provisions we had convinced the Commissioners to adopt was a limitation on the length of franchises. We didn't really know what the "right" length should be (we picked 15 years) but we sure knew that the "99 year" franchises being negotiated for were a bad idea. We also based this on an assumption that the cost of construction of the system could be amortized in about seven years.

Then I had a memorable talk with John Malone one day. We were sitting alone, at breakfast, at one of the major national conventions, and he asked me where the hell we had come up with those numbers! He said, even though he was the head of one of the largest cable MSOs at the time (TCI), that he had no idea where the industry was going two years from then, let alone what was going to happen in seven or fifteen years. He was right. CATV morphed into "Cable" which moved on to "Broadband" and none of us had even an inkling of the ultimate impact something like the internet would have. Yes, we all talked about being able to watch a football game and switch the camera angles with all the channel capacity CATV was going to bring, but of course to this day that hasn't really happened.

The point of mentioning all this is the recent spate of articles and "investment analysis" pieces having to do with the current hot topic of how the various major players are going to approach "direct to consumer" video. Netflix is the warehouse and is moving toward self-produced exclusive product, AT&T/TW is still leasing out their product to all the other players but is also planning an OTT offering. Disney seems to be setting itself up to lock in all of its own product going toward a "walled garden" approach. But no one is really sure what's going to work and what isn't, even though the analysts are all laying their bets on which approach is the best and which is a mistake.

Personally, I think they are all mistakes. Yes, I, too have read all the erudite analysis with the charts of which television shows are "the most popular" and which have been leased and which have been warehoused. But all of that depends on the shows being "known" in the first place. Sure, "Seinfeld" or "Friends" or "West Wing" are going to be draws, for a while (eventually the "binge" turns into a "been there, seen that" bust) but what happens then?

I'm not clear why more folks don't notice that there are dozens and dozens of new shows out there with small, devoted audiences but which most viewers have never heard of! Some of them are good, maybe even great, but purveyors like Netflix won't even tell us what their viewership is. There's got to be a reason for that.

There are plenty of good things to watch. I still don't know how most folks will find out about them, however, and that's the really big question regardless of the various business plans to deliver them. Whoever figures that one out, at a reasonable cost, will be one of the winners. Until then, the safest thing to say is "we don't know!"

Steve

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