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What the Industry Reads First

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Deal Details: Sprint/T-Mobile, Gray-Raycom Move Forward in Wake of Sinclair

As 2018 draws to a close, the race is on to wrap up some mergers. There's talk **Sprint/T-Mobile** may get the OK, though the jury is still out on the deal. Broadcasters **Gray** and **Raycom** got the green light Friday from the **DOJ** in their proposed \$3.6bn merger, provided they divest stations in nine markets. In both mergers, the ghost of **Sinclair** is in the background... For Gray-Raycom, the connection is straight forward. It was the station divestitures that got the Sinclair-Tribune deal off track, with the FCC eventually questioning whether Sinclair misled the agency on some of its sale plans. Gray had already said it expected to sell those stations off to meet federal requirements. To prevent Gray from owning two Big 4 stations in nine markets, DOJ said divestitures must occur in Knoxville, TN; Toledo, OH; Waco-Temple-Bryan, TX; Tallahassee, FL-Thomasville, GA; Augusta, GA; Odessa-Midland, TX; Panama City, FL; Albany, GA; and Dothan, AL. Among those watching the Gray-Raycom deal closely is **ACA**, which raised objections to Sinclair-Tribune, expressing concerns that divestitures weren't really taking stations out of Sinclair's hands. ACA applauded the DOJ's conditions on Gray-Raycom. "ACA is pleased that DOJ will not tolerate a merger that would eliminate a major competitor in a local TV market and would give Gray enormous pricing leverage over multichannel video programming distributors (MVPDs), especially smaller ones," ACA pres/CEO *Matt Polka* said. The Sprint/T-Mobile connection too Sinclair isn't as obvious. It came with the recent news that the **FCC** would be investigating whether one or more major carriers misrepresented their coverage in rural areas—significant with \$4.5bn of subsidies for expanding coverage relying on accurate mapping. **The Rural Wireless Association** has suggested T-Mobile and **Verizon** may have overstated their coverage. During the challenge process, RWA members found that "the vast majority of test points showed non-qualifying 4G LTE coverage—or no 4G LTE coverage at all," RWA told the FCC. And this is where we get to the specter of Sinclair... If T-Mobile is found to have misled the agency, could it impact its chances of closing the Sinclair deal? It was after all doubts about Sinclair's forthrightness that prompted the FCC to send the merger on for an administrative law judge hearing, which was its kiss of death. However, analysts at **NewStreet Research** don't see much of an impact. "Assuming the allegations to be accurate, which they may not be, the information about the Mobility Fund Map is not a representation related to the deal, as was the case with

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WHERE WE'LL BE

1/8/19 CES in Vegas (Jan. 8 - 11)
1/22/19 NAPTE in Miami (Jan. 22 - 24)
1/28/19 ReelScreen Summit in New Orleans (Jan. 28 - 31)
1/29/19 TCA in Los Angeles (Jan. 29 - Feb. 13)
2/25/19 NCTC Winter Conference in Atlanta (Feb. 25 - 26)
3/8/19 SXSW Interactive in Austin (March 8-12)
3/19/19 CFX Roundtable at ACA
3/19/19 ACA Summit in DC (March 19-21)

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Sinclair,” said a NewStreet research note. “Because of the nature of the representation, T-Mobile may face a fine or some individual may face a perjury charge; but our reading of the situation suggests the penalties end there.” Monday marked day 67 of the FCC’s 180-day voluntary deadline to review the Sprint/T-Mobile deal. The clock started July 18, but was paused from Sept 11 until Dec 4 for the agency to receive more information from the parties.

Dungey on Board: *Channing Dungey* has found a new home, joining **Netflix** as vp, original content in February. She’ll work together with other vp of original content *Cindy Holland* on strategy and in managing the streamer’s overall deals with *Shonda Rhimes*, *Jenji Kohan* and more. Dungey stepped down as president of **ABC Entertainment** last month and was replaced by **Freeform** head of programming and development *Karey Burke*.

Top 2018 TV Shows: One cable telecast made **Nielsen’s** list of top 10 single telecasts for 2018. **ESPN’s** College Football Championship game on Jan 8 ranked 7th with 27.9mln viewers watching Georgia lose to Bama (one **Cablefax** editor is still heartbroken). The top telecast for 2018 was the Super Bowl on **NBC**, natch, with 104.1mln viewers. No cable series cracked Nielsen’s top 10 regularly scheduled TV shows, with the canceled “Roseanne” on **ABC** in the No 1 spot (19.96mln average viewers). Cable owned all 10 spots in Nielsen’s rankings of the most time-shifted shows. **AMC’s** “Better Call Saul” took first place with a 429.2% increase in viewers due to time shifting. It was followed by **USA’s** “The Sinner” (352.1%), Season 8 of **Showtime’s** “Shameless” (320.5%) and **FX’s** “American Horror Story (312.9%). Nielsen named **Univision’s** reality talent show “Pequeños Gigantes” as the most-watched regularly scheduled Spanish-language telecast of 2018 (2.2mln viewers) followed by **Telemundo** telenovela “Senor de los Cielo” (1.9mln).

I Will Survive: **Facebook’s** been under fire for much of 2018, but that hasn’t stopped the company from achieving double-digit growth in ad revenues. From January to October, Facebook’s ad revenue from national marketers was up 25% from 2017, according to **Standard Media Index**. In that same timeframe from 2016-2017, Facebook grew that ad revenue by 41%. While it has maintained growth, the rate of that growth has slowed each quarter in 2018. The overall digital market was up 14% YOY in Q3.

Sling VR: **Sling TV** launched on the **Oculus Go** VR headset, making it the first vMVPD to launch on the system. Sling TV is now available in the Oculus app store and for a limited time, customers who purchase and activate a new Oculus Go will receive an \$80 credit toward Sling TV services.

Amish Weigh In: The **FCC’s** proposal aimed at eliminating intercarrier compensation arbitrage has gotten the attention of the Amish and Mennonite communities. As these individuals don’t use the internet, they haven’t been

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able to file comments directly through the **FCC's** Electronic Comment Filing System. Instead, they've been mailing letters to the Commission in order to have their opinions heard on free conferencing services that could be impacted by the proposed rulemaking. Attorney *G. David Carter* of **Innovista Law** doesn't represent the individuals, but filed 16 letters into the ECFS Monday at the request of FCC Pricing Policy Division Deputy Chief *Lynne Engledow* so FCC staff could consider their input. Why do the Amish care about free conference services? In their own words: "I depend on conference lines to bring me news and inspiration. We don't have radio, TV or computers and depend on the phone to keep in touch." Another letter talks about how conference lines allow access to sermons and singing. The FCC is looking into whether these free services result in "traffic pumping," allowing a local exchange carrier with relatively-high switched access rates enters into an arrangement to terminate calls—often in a remote area—for an entity with a high call volume operation, such as a chat line, adult entertainment calls, and "free" conference calls. "This community would be particularly affected by any elimination of free conference calling services because the use of a landline telephone is one of the only 'modern technologies' that they are permitted," Carter told **Cablefax**. "They don't have access to internet and many do not use mobile phones. They rely on the conference call lines to spread news of common interest between Amish and Mennonite communities that are spread around the country."

Now on X1: **YouTube** 4K arrived on **Comcast's** X1 platform Monday, allowing customers to view its catalog of online 4K content. Customers with an X1 voice remote can access the catalog by saying "4K videos on YouTube" or they can head to the YouTube app and search for those videos. Customers need a compatible X1 device and 4K-compatible TV to properly view the content.

Staying Secure: **Cox Business Security Solutions** is getting a boost, adding new integration features and management functionality to the platform. The platform updates will give business owners a comprehensive view of their operations while allowing them to control detection, surveillance, energy management and access in one dashboard. The enhancements are currently available in Baton Rouge, LA, and Macon, GA, and will soon be available in most Cox Business markets.

After Moonves: **CBS'** board determined that ousted CEO *Les Moonves* isn't entitled to any severance payment, declaring that there are grounds to terminate for cause, "including his willful and material misfeasance, violation of Company policies and breach of his employment contract, as well as his willful failure to cooperate fully with the Company's investigation." The board said investigators concluded that harassment and retaliation are not pervasive at CBS, but they did learn of past incidents of improper conduct and found the resources dedicated to HR and training/development were inadequate. "The board, which includes six new members, and the company's new management have already begun to take robust steps to improve the working environment for all employees," CBS said.

English Expansion: **Noticias Telemundo** will develop its first-ever English-language daily newscast. The programming will air exclusively on **YouTube**, becoming the first Noticias Telemundo production outside a Telemundo-owned platform. The project earned a **Google** News Innovation YouTube grant, awarded to products that elevate journalism, evolve business models to drive sustainable growth, and empower news organizations through technological innovation.

Programming: *Ina Garten* agreed to a multi-year deal with **Food Network** to continue her cooking series. The agreement includes additional seasons of the 30-minute "Barefoot Contessa" series as well as several hour-long seasonal specials.

Ratings: The return of Formula One to **ESPN** brought viewership growth, making F1 the only major racing series to see YOY viewership growth in the US for the season. Over the 21 races, ESPN nets averaged 547,722 viewers for race windows, a 2% increase over 2017 on **NBC**.

DISH Cares: **DISH's** fourth annual Day of Service saw employees providing more than 2800 hours of service across 32 communities nationwide. Additionally, DISH retailers served close to 18000 people across 46 events. Examples of service include volunteering to build homes with **Habitat for Humanity**, helping a hospital host a blood drive and providing meals for those experiencing hunger. DISH's Day of Service is a part of the DISH Cares corporate citizenship program.

People: *Richard Kaplar* was named pres/CEO of **The Media Institute** by its board. Kaplar served as exec director since 2016 and kept that title when he became head of the Institute last January. Kaplar joined the Institute in 1981 and served as VP from 1984 to 2016. Kaplar is the third president in the nonprofit's history, while former **FCC** chmn *Dick Wiley* will continue acting as board chmn. -- **Comcast Spotlight** appointed *Dawn Lee Williamson* as Southeast region vp. Williamson will enter the new role this month. She joins from **Vice Media**. -- *Marta Fernandez* is now evp, originals programming at **Starz**. First joining Starz in 2007, Fernandez most recently served as svp of originals programming.