

Cablefax Daily™

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What the Industry Reads First

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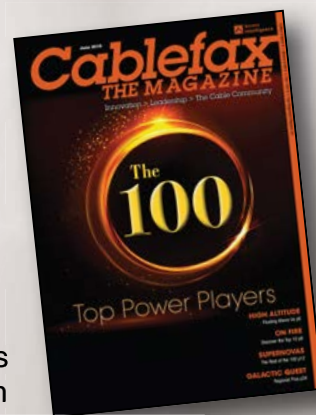
Dueling Dolans: Family Suggests Munis Examine Altice USA Franchise Deals

Leave it to a former cable operator to bring up the often fractious world of franchises... The feud between the *Dolan* family and **Altice USA** is heating up, with **Cablevision** founder *Chuck Dolan* sending a letter to more than 300 municipalities in New York, Connecticut and New Jersey that suggests they take another look at cable franchise agreements Altice, which bought Cablevision systems in 2016. "Our family has sued Altice USA—a provider of cable programming services in your area—for failing to preserve the quality of local news coverage offered to your residents by News 12, as well as for not protecting the jobs of News 12 employees," Dolan wrote in a letter to the mayors of those municipalities. "As the local franchising authority for cable TV services, you should be aware of these actions and consider whether Altice has breached similar commitments to you in your local franchise agreement or otherwise. Also we urge you to evaluate how your community might be negatively affected if Altice were allowed to continue eliminating jobs and reducing local programming." The letters elevate the original lawsuit filed by the Dolan family on Sept 4, which claimed that Altice failed to abide by promises it made as part of its \$17.7bn merger with Cablevision. Dolan first offered an update on the lawsuit to **News 12** employees via a letter on his **Facebook** page on December 21. While he said he couldn't tell them exactly what was going on due to ethical rules concerning settlement negotiations, he would "not accept any settlement that would allow Altice to violate News 12's high journalistic standards in the pursuit of ratings and profits." Other plaintiffs in the suite include *Patrick Dolan*, who was president of News 12 at the time of the sale, and former Cablevision CEO *Jim Dolan*. The first preliminary hearing in the case, where the Dolans are seeking a temporary restraining order to prevent further cuts at News 12, is set to take place in the Court of Chancery, State of Delaware on January 28. Ahead of the hearing, Altice continues to affirm its commitment to News 12. "We continue to invest in News 12, the most watched TV network on Optimum, to deliver meaningful hyperlocal news coverage for our communities, and we are proud of our talented News 12 team for achieving growth in TV ratings, digital viewership and social media interactions in 2018," the company said in a statement. Municipalities frequently hold hearings on franchise related issues, often times using franchise renewals as an opportunity to add in features or address problems, such as service complaints. Asked about the Dolan letter, a spokesperson for the **NY PSC** said that as a matter of course the depart-



Who Deserves to Rank Among Cablefax's Annual Top Power Players?

The Cablefax 100 salutes the most influential executives whose leadership continues to take the industry to new heights. We will rank the top professionals in the media, cable & broadband industry and publish the list in the June edition of Cablefax: The Magazine.



It's free to enter - but you must submit your entries by January 25!

Enter at www.Cablefax100.com | Questions: Mary-Lou French at mfrench@accessintel.com

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ment “encourages all municipalities to annually review franchise agreements to ensure compliance.”

Netflix Hike: One of the most popular streamers just got a little more expensive. **Netflix** is raising its prices again, and the news sent the company’s stocks soaring up. Its most popular plan, previously \$11 a month for two HD streams, is rising to \$13. Its basic plan is jumping to \$9 from \$8, and the service’s most expensive option, which offers 4K content and up to four simultaneous streams, is jumping to \$16 per month from \$14. The price hikes—the streamer’s largest in its 12 year history—will take effect immediately for new customers and existing subscribers will see the price increase over the next three months. The news sent stocks up 6% at market open, and shares closed at \$354.64 (+6.52%). In the past, Netflix CEO *Reed Hastings* said that price increases are necessary as the company continues to invest in original content. “Price is all relative to value,” Hastings said in 2017, the last time subs saw an increase in cost. “We’re continuing to increase the content offering and we’re seeing that reflected in viewing around the world.” The streamer needs to continue to invest in original content, as it faces increasing competition from the likes of **Hulu**, **Amazon Prime**, and upcoming services from **WarnerMedia**, **Disney** and **NBCU**. Previous rate hikes have had little impact on subscriber growth, and we’ll learn more about its current sub growth when the company reports earnings on Thursday. “The price of a Netflix subscription remains a fraction of standard cable offerings, which averaged \$107 in the U.S,” said **Ooyala** principal analyst *Jim O’Neill*. “And that leaves plenty of room for growth for Netflix and the other OTT services that are continuing change how we watch TV.” **Bernstein’s** quick take is also to expect little impact on subs and net adds, and that Netflix is simply “not leaving money on the table.”

ID-ing the Bump: Only two cable nets saw their reach increase by more than a million homes in **Nielsen’s** January 2019 Universe estimates. While we wrote about **Sinclair-owned Tennis Channel’s** 5mln gain **Tuesday**, but were curious about **Investigation Discovery’s** nearly 1.4mln increase and did some digging. Chalk it up to better positioning on **DISH** (it moved on Nov 21 from DISH’s America’s Top 200 package to its most widely distributed package, America’s Top 120). Carriage on **Hulu Live** and **Sling** also helped. ID snagged carriage in Sling’s Blue & Orange packages on Dec 31.

ACA on Comcast-NBCU: The **Department of Justice** contacted **ACA** last month to meet over its call for an antitrust investigation into **Comcast-NBCU**, *Business Insider* reported. The pub reported there was a discussion for setting up a meeting in the new year, though no date has been set. ACA’s push for a probe came after the Comcast-NBCU merger conditions, established in 2011, expired last year.

In the Courts: The **Competitive Enterprise Institute** and four cable customers filed the opening brief this week in

Cablefax: What’s Happening... February

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FEBRUARY

Not the Super Bowl

Yes, it’s the biggest sporting event of the year, but not everyone watches the Super Bowl. Cablefax will dive into how networks are counter-programming against the mega event—and its commercials.

Black History Month

Cablefax will honor early African American pioneers in the cable industry—profiling those who broke barriers to launch networks, joined the C-Suite and led the industry’s innovation. This report will look at trailblazers who helped create today’s industry and also examine how cable is recognizing Black History Month on TV and within their own companies.

NCTC Winter Educational Conference

We head to Atlanta to hear what key suppliers are doing to help operators stand out in a crowded marketplace.

Sports of Tomorrow

The sports arena is changing—from streaming to legal betting to advanced technologies that put fans at the center of the action. As we head into March Madness and with MLB Opening Day not far behind, we will look at how companies are taking sports coverage into bold new frontiers.

Awards

Cablefax People Awards
Entry Deadline:
February 22

their challenge to conditions imposed by the **FCC** on **Charter's** 2016 **Time Warner Cable** and **Bright House** acquisitions. CEI has argued that the FCC overstepped its authority with conditions, such as the launch of a low-cost broadband program, buildout requirements and prohibiting usage-based internet pricing, arguing that the measures increase costs for consumers. In its brief, CEI notes that Charter has raised prices since consummating the merger. Commissioners *Ajit Pai* and *Michael O'Rielly* issued dissents when the merger was approved under then-FCC chmn *Tom Wheeler*. The questioned the legality of the conditions, with Pai suggesting they were a vehicle for "advancing [the FCC's] ambitious agenda to micromanage the internet economy."

Two is Better Than One: People are still having fun watching their favorite video content with other people, with Americans watching TV or video in groups for 48% of their total viewing time. According to new research from **MRI**, 49% of all adults and 60% in the 18-34 age group reported that they are co-viewing more often now than they did three years ago. Preferred genres change depending on who is in the room (significant other, friends, children, adult family members), but movies consistently placed in first or second while comedy TV shows consistently placed in the top 3. Sports score highest when friends are co-viewing.

Fastest Growing Companies: *Fortune* released its list of 100 fastest-growing publicly traded companies in the US. Among the giants like **Facebook** (#6), **Amazon** (#9) and **Netflix** (#19) was 116-year-old regional telecom provider **Shentel** (**Cablefax: The Magazine's** 2017 Independent Operator of the Year). Shentel snagged the #86 spot. Its operating revenues in 2017 were \$612mln, an increase of \$77mln or 14.3% over 2016, primarily due to the expansion of its wireless network and coverage area through the acquisition of **nTelos**. The list also included some broadcasters who are making merger moves. **Nexstar**, which is in the process of attempting to buy **Tribune**, ranked 36th with revenue of \$2.5bln for the past four quarters and **Gray**, which just completed its **Raycom** merger, took 93rd (revenue of \$906mln).

House Leadership: As expected, **House Commerce** chmn *Frank Pallone* (D-NJ) named Rep *Mike Doyle* (D-PA) as chmn of the **House Communications** subcommittee. Rep *Bob Latta* (R-OH) will serve as ranking member. Rep *Diana DeGette* (D-CO) was appointed chmn of the **Oversight and Investigations** subcmte, which has the power to investigate actions by the **FCC**, **FTC** and other agencies. Rep *Brett Guthrie* (R-KY) is the subcommittee's ranking member.

Cablefax at Cable-Tec Expo: **SCTE-ISBE** announced that **Cablefax** will produce the official print, web and video show dailies at **Cable-Tec Expo 2019** (Sept 30-Oct 3 in New Orleans). **CFX** will have all the news of the show with a pre-show edition on Monday and print and digital editions Tuesday-Thursday, plus video coverage. "With its rich editorial coverage and its leading role in creating opportunities that unite the community, **Cablefax** is an important source of industry news and opinion," said *Zenita Henderson*, vp, marketing and business development for SCTE-ISBE. "We look forward to partnering with the entire **Cablefax** team to continue to grow the show daily as a go-to forum for SCTE-ISBE Cable-Tec Expo." This year's show features **Liberty Global's Bill Warga** and **Charter's Tom Adams** as program committee chairs.

fubo Figures: User engagement on **fuboTV** reached an all-time high in Dec 2018, nearly 3x more than Dec 2017. Subs watched on average over 70 hours of connected TV during the month, a 2.5x YOY increase. Other streamers also saw upticks by the end of last year, with Netflix saying more than 45mln accounts watched its original horror movie "Bird Box" in just seven days.

Hargray Expands: **Hargray Communications** is acquiring the Alabama assets of **USA Communications**, a provider serving Pell City and surrounding areas. The transaction is expected to close early this year with Hargray announcing plans to grow USA's network to provide 100 Mbps internet and home phone services.

Comscore Continues: **Comscore** gets another win coming off the recent news with **Scripps**, **Gray** and **Nexstar**. **Viamedia** tapped the measurement and analytics company as the exclusive currency in 72 of its 73 markets.

Charter Notes: **Charter** subsidiaries have priced out \$2bln in aggregate principal amount of notes. That consists of \$1.25bln in aggregate principal amount of senior secured notes due 2029 with interest rates of 5.050% per annum and \$750mln in aggregate principal amount of senior secured notes due 2048 with interest rates of 5.750% per annum.

Editor's Note: Wednesday, Jan 16, is the deadline to submit nominations for the inaugural **Cablefax Work Culture List**. We're seeking to highlight companies that set the bar in areas such as veterans hiring, recruiting, corporate wellness and continuing education. Submit your free nomination here.