

# Cablefax Daily™

Wednesday — March 6, 2019

What the Industry Reads First

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## Retrans Beat: Electric Co-op Upstart Files Complaint Against Nexstar

A couple weeks before the **FCC** deadline for petitions to deny **Nexstar's** \$4.1bln acquisition of **Tribune**, the agency received a different sort of download on the broadcaster. **HolstonConnect**, a subsidiary of rural electric cooperative **Holston Electric** of Tennessee, has filed an FCC complaint against Nexstar, claiming it has failed to negotiate retrans consent rights in good faith. HolstonConnect is in the process of rolling out fiber-based broadband, voice and TV services to rural East Tennessee and is a winning recipient in last year's FCC Connect American Fund Phase II reverse auction. It will receive approximately \$53K from the Universal Service Fund over 10 years by meeting program requirements. "Without prompt and forceful remedial action by the Commission..., HolstonConnect's ability to deploy gigabit infrastructure and services in rural East Tennessee will be hamstrung," HolstonConnect told the FCC on Monday. Nexstar could not be reached for comment. HolstonConnect is the product of the state General Assembly passing legislation in 2017 that allowed electric co-ops to provide retail broadband internet, phone and video service in their service areas. And while the co-op's focused on bringing gigabit internet—its own research in 2017 found nearly 40% of its members didn't have access to high-speed data—it contends that a triple-play offering with video is a necessity. It cites an anecdote from a customer who reported that she paid \$129/month for a triple-play package from **Charter**. When she canceled internet from Charter to take it from HolstonConnect, she said her monthly price for video and voice jumped to \$193/month. At the heart of the spat are **WATE**, an **ABC** affiliate for the Knoxville DMA, and **WJHL**, a dual **CBS/ABC**-affiliated stations serving the Tri-Cities DMA in northeastern TN. "Knowing that HolstonConnect has an urgent need to finalize its cable lineup, defendant has sought to use its exclusive control over 'must-have' ABC and CBS programming to obtain grossly excessive retransmission consent rates from HolstonConnect, not just for Big 4 programming itself, but also for multiple channels that HolstonConnect does not want," the co-op said, pointing to programming that does not yet exist in the market as well as a demand it carry a stream that Holston has already made an arrangement to carry for free on a must-carry basis. It also claims Nexstar has failed to communicate in an effective and timely manner in addition to making a unilateral, take-it-or-leave-it offer. With the co-op in the process of finalizing its video offering, it's asking the FCC to order Nexstar to provide WATE and WJHL programming to it by March 31. It

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**BONUS: The Cable Center and Cablefax will select one outstanding People to Watch honoree to become a Cablefax IA Scholar, which includes free attendance of the May 7-June 26 Cable Center Intrapreneurship Academy—a nearly \$6,000 value.**



## Questions:

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contends that Nexstar's rates were "significantly" higher than what other broadcasters offered it and were much higher than proposed rates from deals its contracted attorney had closed earlier in the year in the Knoxville DMA. In other retrans news, **DirectTV** has been without **Northwest** stations since Feb 22. The dispute involves 17 stations in 10 cities, including **WSYT-Fox** in Syracuse, NY, and **KPVI-NBC** in Idaho Falls. The blackout is limited to DirecTV, with DirecTV NOW and AT&T U-verse not impacted. Northwest had a 124-day blackout on Charter that began in February of 2018. It's worth noting that **Apollo Global**, which is buying a majority stake in **Cox Media** stations, is said to be working on building up a TV station group that includes Northwest stations as well as Nexstar-Tribune spinoff stations (check out [these](#) musings from *TVNewscheck's Harry Jessell* on the retrans dollar potential of the after-acquired clauses).

**Verizon Dumps Rewards:** Verizon is pulling the plug on its loyalty program MyRewards+ for Fios customers. It will stop awarding points as of March 22, with customers no longer able to redeem their points for rewards as of May 30. A spokesperson didn't respond immediately to queries about whether a new program is in the works. Verizon introduced the MyRewards+ plan across its Fios footprint in 2014, with customers able to earn points for actions such as renting a movie, paying online, moving to paper-free billing, etc. Points can be redeemed for rewards such as gift cards or free movie rentals.

**Sinclair-Tribune Aftermath:** The FCC's newly appointed administrative law judge has dismissed the proceeding that arose from the abandoned **Sinclair-Tribune** merger, but not without raising the idea of examining Sinclair's actions in another proceeding. Recall that the FCC essentially killed the deal last year by voting to send the merger to the ALJ for review and raising questions over whether Sinclair engaged in misrepresentation and/or lack of candor regarding its relationships with buyers of certain stations begin sold off to meet regulatory requirements. These allegations are "serious charges," but the dissolution of the deal would render a hearing at this time an "academic exercise," ALJ *Jane Halprin* wrote in her order released Tuesday. "Certainly, the behavior of a multiple station owner before the Commission 'may be so fundamental to a licensee's operation that it is relevant to its qualifications to hold any station license,'" she continued. "That broad inquiry, however, would be more appropriately considered in the context of a future proceeding in which Sinclair is seeking Commission approval, for example, involving an application for a license assignment, transfer, or renewal." **ACA** jumped on her statement, noting that it asked the FCC four months ago to require Sinclair to file early renewal applications for four stations (currently due in 2020) so the agency could address concerns raised in the Sinclair-Tribune proceeding. "We continue to urge the FCC to do so. As Judge Halprin made clear today, the FCC will have to grapple with Sinclair's behavior one way or the other. All parties—including Sinclair itself—will benefit if this

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happens sooner rather than later,” ACA pres/CEO *Matt Polka* said in a statement.

**Net Neutrality:** House Commerce chmn *Frank Pallone, Jr.* (D-NJ) and Communications subcmte chmn *Mike Doyle* (D-PA) will hold a hearing on restoring net neutrality protections March 12 at 10am. On Wednesday (March 6), Pallone and Doyle will join other House and Senate Dem leaders at a press conference to unveil their Save the Internet Act legislation. Dems are expected to make a push to return to a Title II approach.

**C-Band C-Ya:** Well-known lobbyist *Preston Padden* is stepping down from his position as head of advocacy and govt relations for the **C-Band Alliance** (hat tip to *Multi's John Eggerton* for first spotting the news). Padden, a former **Disney** and **Fox** lobbyist, said he's been in DC full-time since mid-September and can't maintain such a schedule that keeps him away from his family and home in Colorado. He pledged to continue to support CBA as a consultant and said he's proposed a strong exec as his replacement. No word yet on who that will be.

**Mickey's Clubhouse:** *Craig Hunegs* will become pres, **Disney Television Studios** once Disney closes its acquisition of **21st Century Fox**, the company revealed Tuesday. The move will give Hunegs oversight of **ABC Studios**, **ABC Signature**, **Twentieth Century Fox Television** and **Fox 21 Television Studios**. He brings plenty of experience to the role, most recently managing traditional cable networks and SVOD efforts as president, business and strategy, **Warner Bros Television Group** and president, **Warner Bros Digital Networks**. -- *Temina Jaffer* is on board at Disney's direct-to-consumer and international segment as svp, business affairs for **Disney+**. She joins from **Netflix**, where she served as director, original series. She's also previously held positions at **NBCU** and **ABC Studios**.

**Launch Party:** **Spectrum Enterprise's** Managed SD-WAN service is now available across the US. The software defined networking and network function virtualization platform is integrated into the Spectrum Enterprise fiber network, and is capable of stitching together SD-WAN networks and Ethernet networks. It's a customizable end-to-end solution, from white-glove installation to portal-based network visibility. Customers are also able to add on an integrated, virtual security service to enable secure internet access with the Managed SD-WAN service. Spectrum Enterprise had a few friends to thank in the development of the service as it incorporated technologies from **Cisco**, **Fortinet**, **Netcracker** and **Nokia's Nuage Networks** into the platform.

**Membership Perk:** **Harmonic** and **NCTC** are working together to jointly offer the former's CableOS virtualized cable access solution to its US members. The CableOS offering is meant to act as a turnkey solution that makes it much easier for smaller operators to migrate their broadband services to DOCSIS 3.1.

**Marching North:** **Starz** officially launched in Canada Tuesday. Starz programming will be available to our neighbors to the north on two linear channels and as an add-on to Canadian streaming service **Crave** for \$5.99/month.

**Carried Now:** **The Impact Network**, an African American owned-and-operated Christian network, will soon be available on **Verizon Fios**. The net features programming on urban ministries and gospel lifestyle entertainment. The net, founded in 2010, is currently available on **DirecTV**, **AT&T U-verse**, **Comcast Xfinity**, **Dish**, **Spectrum Time Warner**, **Spectrum Charter**, **Spectrum Bright House** and **Altice USA** with a reach of 87mln.

**Speed Racer:** **Fidelity Communications** is making five additions to its list of Gig cities: Harrisonville, MO; Atlanta, TX; Carhage, TX; Maumelle, AR, and Beebe, AR, bringing Fidelity to a total of 12 locales with the capability.

**Get Educated:** **The Cable Center** developed a new company-focused extension of its Intrapreneurship Academy (IA) program, IA – Company Track. The program teaches individual contributors and entire teams the process of innovation and how to work together as intrapreneurs. The Cable Center says the program is applicable to all departments, teams and individual contributors working within the same organization. The Center is now accepting applications for IA Class 5, and its early bird registration discount ends March 15. In related news, **Cablefax** will select one of its 2019 **People to Watch** honorees (applications due March 8) to receive a scholarship to attend Class 5.

**Programming:** 4K UHD net **Insight TV** ordered two series from **Vice Studios** that will be available on its linear platform and OTT service this fall. “Modern Day Gladiators” will immerse viewers in the culture of e-games and e-leagues, and an as-of-now untitled series will explore the origins of street football (soccer). -- **TNT** will exclusively televise two additional **Alliance of American Football** games, both featuring the currently undefeated **Orlando Apollos**. The net will have Orlando's game against the **Birmingham Iron** on March 9 at 2pm and their matchup against the **Atlanta Legends** on March 23 at 2pm. **B/R Live** will also provide a live companion experience using “Skycam” view of the action.

**People:** *Joe D'Ambrosia* was promoted to gm, **Disney Junior**, in addition to his current role of svp, original programming. He joined the net in 2011.