

Cablefax Daily™

Thursday — March 7, 2019

What the Industry Reads First

Volume 30 / No. 044

Top Priority: It Takes a Village (and Government) for Broadband Buildouts

Broadband infrastructure development was at the center of nearly every discussion at **MMTC's** Broadband and Social Justice Summit in DC Wednesday, and with good reason. While more cities are set to become 5G-enabled in 2019, plenty of communities are still waiting to receive basic, reliable speeds from providers. While it's been a constant topic of conversation at the **FCC**, local and state governments may need to lend more of a helping hand if they want to bring their communities into the future. "The biggest thing governments can do is welcome the investment and welcome small cell deployment," **Verizon** director, strategic alliances *Debra Speed* said during a panel discussion. **Comcast** vp, public policy *Jay Schwarz* echoed Speed, saying governments need to lower as many barriers as possible. He added that the decision to invest in a community through broadband becomes a lot easier when the local government can provide certainty that the buildout will be mutually beneficial. "You have to recognize that if we invest in the community with our networks, we are putting large, long-term sunk investments into the community there," Schwarz said. He applauded the FCC's revisit of cable franchise fees and its September NPRM that reaffirmed that there should be no franchise fees imposed on services such as broadband. While providing basic accessibility and expanding 5G remain priorities for the moment, some folks have also been looking forward with 10G. Cable's 10G standard may have only been revealed in early January, but major players are already investigating its capabilities. Schwarz said Comcast views the technology as the next pathway for companies that have already deployed 1 gig speeds to their entire footprint. The enhanced broadband speeds would also open the door to greater technological enhancements. "What we've seen now over decades is that as the connectivity is there, people come up with great ways to use it," Schwarz said. "Science fiction is something we can potentially start to think about as we lay the groundwork for much better internet." While cable made a big splash at **CES** with its 10G branding announcement, don't count MSOs out of 5G. "I don't want it to become the cable companies are 10G, the wireless companies are 5G," said *Donald Cravins Jr*, **Charter's** vp, policy and external affairs. "Charter may be your grandparents' cable company, but we're not the same cable company we were when your grandparents first bought cable." He pointed to Charter's mobile service as evidence, saying that while it is using Verizon's network for now

Announcing the Launch of the

Cablefax
PEOPLE
AWARDS

In 2019, we are enhancing the focus of our awards and recognition programs to make them more efficient and impactful.

Categories include: *Top Lawyers, Sales Hall of Fame, People to Watch* and other individual categories.

The Cablefax People Honorees will be recognized at **The Celebration of Leadership Gala** on **June 6** at the Yale Club in **New York**.

Deadline: March 1, 2019 | **Final Deadline:** March 8, 2019

Enter at www.cablefaxpeople.com

Cablefax Daily (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Senior Editor: Sara Winegardner, 301.354.1701, swinegardner@accessintel.com ● Associate Editor: Mollie Cahillane, 212.621.4951, mcahillane@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● VP Marketing: Amy Jefferies, 301.354.1699, ajefferies@accessintel.com ● Director of Marketing: Kate Schaeffer, kschaeffer@accessintel.com ● Prod. Mgr: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs or Subscription Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,699.97/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

through its MVNO agreement, Charter hopes to acquire more spectrum and offer 5G as well. “We at Charter are equally as motivated and interested in deploying 5G to our customers as well.”

Here We Go: Ever since Democrats took back the House, we knew this day was coming... On Wednesday, members of the party stood in front of cameras and unveiled the “Save the Internet Act.” Now the question is can they get a groundswell of support or have Americans grown tired of the neverending debate. “Young people in particular get it. This is about your jobs and your future. The free and open internet is a pillar, a pillar of so many things. A full 86% of Americans oppose the Trump assault on net neutrality, including 82% of Republicans,” House Speaker *Nancy Pelosi* (D-CA) said at the press conference, adding that 24mln citizens have wrote, texted or called their representatives in favor of net neutrality. Co-sponsored by 46 Senate Dems, the bill would enact three legacy net neutrality principles: no blocking, throttling or paid prioritization under a Title II regime, and would ideally empower the FCC to prohibit unjust, unreasonable and discriminatory practices by bringing back a general conduct standard. The effort didn’t draw any praise from *Ajit Pai*, who as **FCC** chmn reversed the 2015 Open Internet order that established net neutrality rules under a Title II framework. “I would simply hope that people would recognize what the real challenge in broadband is. It is not heavily regulating the internet under rules developed in the 1930s. It is making sure that the people I meet when I go around the country have access to the internet,” Pai said at Wednesday’s **MMTC** Broadband and Social Justice Summit. “This digital access is what we can all agree on, it’s what actually matters and I wish that one iota of the mental energy and vitriol that’s devoted to this one issue could be poured into closing the digital divide once and for all. America would be better for it.” The Save the Internet Act seems likely to pass in the Democratic-controlled House. It’s similar to the Congressional Review Act that passed the Senate barely last year, but failed in the then-Republican controlled House. It’s fate in the Senate is less certain, with the CRA only garnering 3 Republican votes and with Dems losing 2 seats in the midterms. “Last spring our colleagues in the US Senate were given that choice, to side with the average person,” said Sen Majority leader *Chuck Schumer* (D-NY). “Unfortunately, all but three Senate Republicans voted on behalf of the special interests. Now we have a Democratic House, and Republicans will have a second chance to right the Trump Administration’s wrong.”

Neutrality Reax: The silver lining as the net neutrality debate starts up again may be that lawmakers on both sides of the aisle have said it’s time for Congress to establish some clear rules of the road (see Rep *Darren Soto*’s [D-FL] [comments](#) last month at a subcmte hearing). **NCTA** is hoping something along those lines advances. “We are disappointed that Democratic leaders would ignore growing calls for bipartisan action, and instead advance a highly

#WeConnect

American Cable Association
Summit26
Washington, D.C. | March 19-21, 2019

Register at ACASummit.org!

Featured Speaker

DR. FRANK LUNTZ
National Pollster

controversial, partisan proposal that puts the internet under heavy-handed government control,” the association said of the Save the Internet Act. “This latest approach forcing Title II regulation back on the internet offers no such hope. The internet does not need saving.” **ACA** reiterated that it supports Congress enacting legislation that provide bright-line open internet protections, but that it can happen without broadband provider being turned into common carriers. Statements from all fell along well-established lines. **Consumer Reports** lauded the bill: “The Senate passed a similar version of this legislation with bipartisan support just 10 months ago, and now should be no different. The future of the internet is too important to leave in the hands of powerful corporate interests.” Next week, **House Commerce** will hold its second hearing on net neutrality discussing a path forward for the legislation. And the **DC Circuit** continues to consider a reversal of the FCC’s 2017 Restoring Internet Freedom order.

Charter’s Complaint Decline: Charter recently filed its video complaint data with the **NY PSC**, showing that it has exceeded a merger condition requiring it to show a 17.5% reduction in **Time Warner Cable’s** 2014 cable PSC complaint rate by the end of 2018. Charter reports that its 2018 complaint rate represents a 29.8% reduction. For the year (the second of integrated operations after the merger), Charter had 1145 initial complaints related to video with 113 of those escalated for further handling. That compares to 1409 initial complaints and 161 escalations in 2014. Charter’s initial complaints for 2018 were a bit higher than 2017 (1006 complaints, 145 escalations), with the MSO saying it’s aware that changes, including improvements, can sometimes trigger complaints as customers adjust to new service options, promotions and packages. “In relation to the tens of millions of customer transactions that Charter handles every year, a total of only 113 SRS complaints provides clear evidence of Charter’s commitment to excellent customer service,” Charter said. “Charter expects that 2019 will continue to bring technological and product changes and additional enhancements to the Company’s New York customers. Throughout these and other ongoing changes, Charter expects that the products and processes it has established to increase customer satisfaction and enhance how Charter handles complaints will continue to drive down its PSC complaint numbers.” Meanwhile, it looks like Charter and the NY PSC are closer to a settlement in their ongoing dispute, with the two having exchanged term sheets and reaching agreement on “many key issues.” That’s according to a letter to the PSC from Charter on Wednesday that seeks a further extension of upcoming deadlines related to the PSC’s decision to revoke its approval of the Charter and Time Warner Cable merger agreement. The dispute stems around the PSC’s claims that Charter hasn’t met some merger conditions, including buildout requirements.

Happy Anniversary, Discovery: Wednesday marked the one-year anniversary of **Discovery’s** \$14.6bln acquisition of **Scripps Network International**, which made it the second largest media company in the US. The combo has resulted in numerous cross-brand collaborations, from **TLC** companion series “Say Yes to the Nest” on **HGTV** to Shark Week cakes and cocktails on **Food Network** shows. A few highlights from the past 12 months: the portfolio’s share of women viewership was 21% among pay cable nets and 14% among all TV nets; the Discovery GO platform saw double-digit increases in streams for the year; and there’s been a lot of global expansion, including the launch just this week of HGTV in Vietnam. Discovery’s share price is also up. It closed at \$24.42 on March 6, 2018 vs Wednesday’s \$28.99 close.

Pay-TV Drops: The largest pay-TV providers in the US, representing about 95% of the market, lost about 2.875mln net video subs in 2018, compared to losses of 1.51mln in 2017. The research comes from **Leichtman Research Group**, which also found that satellite TV services lost 2.36mln subs in 2018, an increase from a 1.55mln loss the year before. Top pay-TV providers account for 89.1mln subs, with the top six cable companies making up 47mln of those. The top six lost 910K video subs in 2018, up from a 680K loss in 2017. The top publicly reporting vMVPD services (**Sling TV** and **DirecTV NOW**) added 640K subs in 2018, vs 1.6mln net adds in 2017. This represents a 19% increase in 2018, compared to a 90% increase in 2017.

Jump Ball: **fuboTV** will be the first live TV streaming service to air **NCAA** college basketball in 4K Beta with next week’s tip-off of the Big Ten and Big East championships. After the division championships, March Madness will start. This year marks the first time fuboTV will carry the tournament in full.

Black Hills Gig: **Vast Broadband** rolled out 1 Gig speed to all of the Black Hills region in South Dakota. This completed all phases of the rollout, now serving almost 60K potential customers in the region. The provider plans to bring 1 Gig service to Eastern South Dakota and Southwest Minnesota by early spring, and buildout began in late 2018.

Programming: **NBC** revived “Will & Grace.” **Netflix** rebooted “One Day at a Time.” Now **Charter** is bringing back “Mad About You.” Charter’s content unit **Spectrum Originals** picked up the **Sony Pictures Television’s** limited series starring *Paul Reiser* and *Helen Hunt*—this time with the Buchmans as empty-nesters. It’s set to debut later this year. -- **USA Network** renewed “The Sinner” for a third season.

Think about that for a minute...

Convergence

Commentary by Steve Effros

Those of us in the “small screen” business have heard the word “convergence” bandied about for years. The convergence of the television screen and the computer screen and now even the smartphone screen has been discussed endlessly. We all saw it coming and wondered who was going to “win” when it happened. Well, it turns out we all won. It’s now called “smart TV!”



Another convergence is also taking place. It’s not going smoothly quite yet. It’s the convergence of “cinema” or “movies,” and “television.” The best example of how rocky this road can become is the current dustup created by Netflix, its Oscar-winning film, “Roma,” and Steven Spielberg’s call to arms that “television movies” should be recognized by the Emmys, not the Oscars, which should be reserved for theatrically released “movies.”

My column about Netflix and “Roma” last week resulted in some fascinating email back-and-forth related to all this. The bottom line was an effort to define what a “movie” was, although I think Spielberg’s point is trying to protect the “movie,” or “cinema” venues and business model, but we’ll get to that in a minute.

First, what’s a movie? A good and knowledgeable friend of mine in the industry listed some criteria he believes should apply: Display format—can be multiple, but must include big screen. Significant theatrical release. Fiction (or documentary film). Not a live event. Edited. Designed to be watched in one sitting without breaks. Not serialized. Minimum of 90 minutes. Shooting format—irrelevant. Now we can all chew on those, (what about “shorts” for instance, are they not “movies”?) But let’s go with it for now.

The key, of course, is the “significant theatrical release” part so far as Spielberg is concerned. He apparently argues for a minimum of four exclusive weeks, trying to promote and

protect the local movie houses and the current movie business plan. Anything less, like going rapidly to streaming, as Netflix does, would not achieve that protection and should be considered a “television movie,” with Emmy rather than Oscar consideration.

Now let’s be clear, the Emmys and the Oscars are both honors, but primarily PR promotional devices. We’re ultimately talking about money, here, not art! Netflix wouldn’t have spent a reported \$25 to \$40 million dollars seeking an Oscar win for an already-produced movie they bought if they thought it was just for the honor! Regardless, the significance here, I think, is not this particular fight but the broader point that this is really about methods of distribution affecting the perceived definition of what we are creating and watching.

This is where “cable” comes in. (You knew that had to happen!) What these folks actually are fighting about (granted, they truly believe the “cinema” experience is different from the “television” experience.. but what about the enveloping “virtual reality” experience coming next?) is the business of distribution, both as to experience and money. Cable is about to be mired, again, in that same fight on the regulatory side. What’s “cable”? If the same “television” channels are distributed via broadband and in an aggregated package on the identical physical plant, are they different things? Should they be regulated differently? They are now, but I would argue that doesn’t make much sense any more. Why is “cable” required to include local broadcast signals in its package, resulting in massive cost and regulation, and the OTT “streaming” competitor is not? Competitive convergence, as with the Oscars and the Emmys is going to be a hot issue once again for cable. Be prepared.

Steve

T:202-630-2099
steve@effros.com

(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)

**Cablefax Selected by SCTE•ISBE
as Exclusive Partner for the Official Show Daily**

SCTE • ISBE CABLE-TEC
EXPO
2019
NEW ORLEANS, LA
SEPT. 30-OCT. 3

Supercharge Your Exposure!

“As the only official publications of cable’s premier trade event, our Cablefax SCTE•ISBE Cable-Tec Expo Show Daily editions and video coverage will give advertisers and audiences new opportunities to connect with key decision-makers in the industry.”
- Cablefax Publisher Michael Grebb.



**Featuring Expanded Coverage in
Print, Online & Video Show Dailies**

Space is selling quickly! Contact Olivia Murray at omurray@accessintel.com or 301.354.2010