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What the Industry Reads First

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Old School: 5G Not the Answer to Closing Broadband Gap

When you're talking about broadband deployment in the US, you're probably telling one of two very different stories. One could be the continued rollout of 5G to major cities, while the other is of the large number of rural Americans still lacking any broadband connection. It's no secret that the availability of broadband creates a world of opportunity for any community, and a **Senate Communications** subcommittee hearing Tuesday took a deep dive into how to remove barriers and support further investment. Step one in speeding the pace of deployment: forget 5G. "5G holds great promise and I certainly support its deployment, but it does not appear that it will be a viable universal service solution in the near future," *Sen Brian Schatz* (D-HI) said in his opening statement. "We need to be realistic about the cost and technical challenges of deploying 5G in high-cost areas. Other fixed and mobile technologies likely will continue to be the answer." The **FCC** has already been hard at work trying to close the gap, taking steps in December to update the Connect America Fund programs. **Golden West Telecommunications** CEO/gm *Denny Law* applauded efforts by the FCC to expand broadband availability in rural areas, including their move to increase the Universal Service High Cost Fund. "They set a budget which is between a 5- and 10-year budget for those elements. In order for network operators to have the confidence to make multi-million dollar decisions in terms of investments, you have to have some level of confidence that those mechanisms that will provide portions of the funding will remain for a period of time," Law said. He added that the FCC's move has allowed Golden West to proceed in accelerating its capital deployment plans. That promise of investment isn't the only thing that would spur operators to invest. Other resources like spectrum come into play. "We can serve the unserved in rural America if we continue to have access to valuable spectrum, especially mid-band spectrum," **Midco** sr director of government relations *Justin Forde* said. That's why Midco is pushing for any portion of the C-band that can be cleared after protecting incumbents be reallocated for terrestrial uses, including fixed wireless, and be done through an FCC auction. It's also backing efforts by the FCC to expand the use of the 2.5Ghz band, which is currently only licensed to educational institutions. And while it's great that government agencies are looking at the problem, they need to communicate in order to avoid issues like overbuilding. "They need to share maps," **Mattey Consulting** principal *Carol Mattey* said. "Maps and geofiles that folks can lay and see where there is an expectation that new construction will occur in the future so that ad-

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ditional government funds don't go to those areas just because they're not served."

More Pop for CBS: CBS bought out Lionsgate's 50% ownership interest in Pop. No details on the pricing. According to Lionsgate's most recent 10Q, its ownership interest had a carrying value of \$95.7mln at the end of 2018. In 2013, CBS paid about \$100mln to acquire the 50% stake in Pop, then **TV Guide Network**. Last year, Lionsgate CEO *Jon Feltheimer* fielded questions on whether CBS would exercise an option to purchase its Pop interest, saying the company would wait to have the discussion when CBS was ready (at the time, CBS had its hands full with potential **Viacom** merger talk). The *WSJ* first reported CBS taking complete ownership Tuesday. Pop joins other CBS cable nets **Showtime**, **Smithsonian Channel** and **CBS Sports Network**. Pop pres *Brad Schwartz* will report to CBS chief creative officer *David Nevins*, who sent an enthusiastic memo about the acquisition Tuesday. "In short order, Pop has made a big impression as a general entertainment cable network that punches well above its weight. Under the terrific leadership of Brad Schwartz, this young network has established a distinct brand with inventive programming and a scrappy, competitive drive that has made them one of only three ad-supported cable networks in the entire industry to grow its total audience for six consecutive years," Nevins wrote, calling out shows such as "Schitt's Creek" and "Flack." It also sounds like CBS will be looking for more content/marketing cross brand opportunities, similar to the collaboration between CBS and Pop on "Big Brother After Dark." Pop will still be working with the Lionsgate crew on some projects, including new comedy series "Florida Girls" from **Lionsgate TV**.

Mark Your Calendar: We finally have a date for the expected closure of **Disney's** acquisition of **21st Century Fox** assets. The duo announced Tuesday morning that the deal is expected to go into effect on March 20. With that, Disney expects no further extension of exchange offers and consent solicitations tied to the acquisition. Those are currently scheduled to expire on March 15 at 5pm.

Investor Conference: **Discovery's** portfolio won't be found on the new **DirecTV Now** packages, and that's not necessarily a bad thing. Discovery CFO *Gunnar Wiedenfels* confirmed that Discovery networks will remain a part of the current DirecTV Now and **AT&T Watch** packages for those customers who opt not to take the new HBO bundled video packages, DirecTV Now Plus and Max. Wiedenfels added that he welcomes AT&T's experimentation with its vMVPD products and lineups. "The underlying reason for the cordcutting and cordshaving that we're seeing is the price of that full bundle, so we need some more flexibility and that's going to be the better outcome for everyone in the industry," he said at **Deutsche Bank's** investor conference Tuesday. Wiedenfels is actually more confident in Discovery's distribution outlook now than he was two years ago when he joined the company. He also pointed out that Discovery has never

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had to go dark on a domestic affiliate, an achievement fewer and fewer are able to tout. “I have no doubt that we will be represented across all affiliates and all emerging distributors because we have a lot of value to offer and we can be confident in looking at those developments,” he said. -- **Comcast Cable** CEO *Dave Watson* was all about broadband during his **Deutsche Bank** investor conference appearance Tuesday, but he’s not counting video out. “Broadband is the foundation of which we start the relationship. It’s how we go to market... but video can be a great supporting part of that package, and I think that will continue,” he said. “Having said that, video is intensely competitive and we’re simply not going to chase unprofitable video relationships.” Comcast’s place may be to use X1 to help connect consumers to OTT offerings, with Watson remarking that there’s a “new niche video direct-to-consumer product introduced like every other month.” X1 already has integrated **Netflix, YouTube** and **Amazon**, with Watson predicting X1 could add apps that go beyond video, into areas such as music. Watson touched briefly on Comcast Mobile, saying that as it’s introduced into the retail channel it improves foot traffic and gives the company a better chance of selling other products. While it’s early for mobile, “we’re seeing the broadband turn benefits,” he said.

A New OAR in Ad Waters: First there was Project Canoe. Now “Project OAR” is jumping into the addressable advertising waters. A consortium made up of media companies such as **Disney Media Networks, CBS, Discovery, AMC Networks, Comcast’s FreeWheel** and **NBCU, AT&T’s Turner** and **Xandr**, and others are joining smart TV maker **VIZIO** to establish an addressable advertising standard under Project OAR (Open Addressable Ready). Standards, you may recall was a hiccup for cable’s Project Canoe JV, with many arguing that the venture was ahead of its time. Advertisers were concerned about the array of technology and standards across **Canoe’s** cable operator owners. Cable-backed Canoe still exists as Canoe Ventures today, but its operations were trimmed with a focus on VOD. The tech will be developed by **Inscope**, VIZIO’s ACR data company, with VIZIO pledging to deploy the standard on its opt-in footprint of connected TVs. However, the protocol will be open so that any internet-connected TV maker and connected-device company can use it. “TV programmers reach a massive and passionate audience, but have lacked the precision targeting of digital,” *Mike Dean*, CBS’ svp, advanced advertising and automation, said in a statement. “Through OAR, CBS will combine relevance with our reach to deliver a better experience to our viewers and better ROI for our advertisers.” The idea is to create a baseline for ad delivery, impress verification and privacy compliance, while giving networks room to be creative. The consortium expects to have a working product to showcase this spring with full deployment targeted for early 2020.

Comcast & Charter SCOTUS Plea: **Comcast** and **Charter** have both turned to the US Supreme Court seeking to have it review their appeals of racial discrimination lawsuits brought against them by *Byron Allen*-owned **Entertainment Studios Networks**. The 9th Circuit has rejected attempts by both to dismiss the cases. Comcast said the 9th Circuit departed from SCOTUS’ precedent and decisions in several of its sister circuits when it held that plaintiffs needed only to “plausibly allege that discriminatory intent was a factor in refusal to contract, and not necessarily the but-for cause of that decision.” Charter’s writ of certiorari raises similar arguments, asking the high court to rule on whether the “but-for” causation is the default rule for federal anti-discrimination statutes. Both MSOs have said they didn’t discriminate against ESN. “Promoting diversity and inclusion are core objectives across our company from hiring and procurement, to the products and services we offer, including programming. This lawsuit is a desperate tactic and the allegations in it are entirely false. Race plays no role whatsoever in our programming decisions,” read a Charter statement. “We will defend ourselves while continuing our work to promote diversity and inclusion because by doing so we are able to address the needs of our diverse customers, support our local communities, and create an environment in which our employees of various backgrounds, experiences and perspectives can thrive.” ESN has no plans to back down. “If Comcast and Charter want to pursue the Supreme Court, we are highly confident that the Supreme Court will affirm the Ninth Circuit and support these historic legal decisions. Unfortunately, *Brian Roberts* of Comcast and *Tom Rutledge* of **Spectrum/Charter** have refused my offers to sit down to discuss these very serious matters,” ESN’s Allen said in a statement. “Now, we have no choice but to enter the discovery phase to depose all of their executives and business associates, as well as receive all of their correspondence/ emails and contracts, to prove our cases in front of a jury.”

T-Mobile/Sprint: More of the same from **T-Mobile/Sprint** Tuesday at a House Judiciary hearing. T-Mobile CEO *John Legere* continues to state that prices will not increase and jobs will not be lost, while also saying the merger is the only way T-Mobile and Sprint can begin to compete in 5G. Things definitely got interesting during the question portion of the hearing. *Rep Hank Johnson* (D-GA) kicked it off by questioning Legere on the recent reporting that nine T-Mobile execs stayed at the Trump Hotel in DC a day after the merger was announced, asking the exec if he understood the optics and said it “doesn’t pass the smell test with the American public.” “We announced our deal on April 29, and on April 30 we came to DC as a leadership team. Very importantly if I may add, I made the decision,” Legere said, defending the choice. “I’m a long-time Trump-hotel stayer. The Trump hotel was only in existence for about a

year. The optics of me staying at the Trump Hotel haven't changed for 10 years." Rep Jim Sensenbrenner (R-WI) was not happy with this line of questioning, saying he was "embarrassed" to be sitting there. Rep Pramila Jaypal (D-WA) defended the questioning, saying that in 2015 Legere tweeted that he would never stay in a Trump hotel again.

Neutral(ity) Ground: After the **House Communications** subcommittee held a hearing Tuesday to discuss Democrats' bill to bring back Title II, Sen Commerce chairman **Roger Wicker** (R-MS) and **Kyrsten Sinema** (D-AZ) announced a bipartisan working group focused on a net neutrality proposal. "The mission of this working group will be to put partisan politics aside in order to provide permanent internet protections," said Wicker. Added Sinema: "We need a modern, internet-specific framework that encourages the freedom and innovation that make the internet the vital tool it is today—and consumers and providers need stability. We will only achieve those goals by working across party lines to find a bipartisan solution." With Tuesday's House hearing illustrating that Dems and Republicans are pretty far apart, maybe this will help mend some fences.

ACC Does It: With the launch of **ACC Network** less than six months out, **ESPN** has unleashed a brand campaign with the tagline "We Do This." Spots began running Tuesday (same day as the start of the NY Life ACC Tournament) across ESPN media, including TV, digital, radio and social. Off-channel media will run in key ACC markets. The campaign is meant as a rallying cry for the ACC's 15 schools, with video taking them inside each institution. **Preacher**, based in Austin, TX, was the creative agency for "We Do This." So far, ACC Net has carriage deals in place with **DirecTV**, **Google Fiber**, **Hulu Live TV**, **Layer3 TV**, **Altice USA (Optimum and Suddenlink)**, **Playstation Vue** and **Verizon Fios** as well as with several small providers.

Tribune-Nexstar: **Tribune** shareholders voted to approve the company's \$4.1bn merger with **Nexstar**, with 95% of outstanding shares voted in favor of the transaction. The deal still needs regulatory approval, with petitions to deny the deal due to the **FCC** on March 18. "We're extremely pleased with today's vote. It confirms that our stockholders clearly recognize the significant value we expect to be delivered by this merger," **Tribune** CEO **Peter Kern** said.

United Flo: Subscription-based streaming service **FloSports** got off to a rocky start with its first **D.C. United** broadcast Sunday. Technical issues affected the official watch party in Columbia Heights, and fans missed the first minutes of the match due to a non-functioning stream. Co-founder **Mark Floreani** told the *Washington Post* he takes personal responsibility for the technical issues, and the company will be issuing full refunds to new subs who don't want to give the streamer another chance. The company tweeted: "some users were blocked in a region that shouldn't have been. The issue was resolved but we apologize for any inconvenience." FloSports also just partnered with **MLS** expansion franchise **FC Cincinnati** in a multi-year agreement. This is the second broadcast deal between an MLS club and the streamer.

Got Tunes?: **Spotify Premium** users, rejoice! Beginning Tuesday, Spotify Premium will offer **Hulu's** ad-supported plan at no additional cost to subs in the US. The offer is open to new and existing subscribers until June 10. Users who are currently paying \$12.99 a month as part of last year's plan will be automatically migrated to the regular Spotify Premium price of \$9.99.

Jump Ball: **Turner Sports** and **CBS Sports** will provide live coverage of all 67 games from the **NCAA** Division I Men's Basketball Championship across four networks: **TBS**, **CBS**, **TNT** and **truTV**. The Final Four Semifinals will air April 6 on CBS, and the National Championship on April 8. Coverage kicks off on Sunday with a one-hour Selection Show at 6pm on CBS. -- For folks who are more TV fans than sports fans, **DISH** is launching an alternative bracket that pits hit TV shows against each other. Participants can place their picks through March 21, and results will be released with each college basketball round. Top scoring brackets will receive \$10K.

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