

Cablefax Daily™

Thursday — March 28, 2019

What the Industry Reads First

Volume 30 / No. 059

Merger Watch: Indy Ops are Keeping Close Tabs on Nexstar-Tribune

When comments came due at the FCC last week in Nexstar's \$4.1 bln proposed purchase of Tribune, conspicuously absent was ACA Connects—the group of independent cable operators that has long fought for retransmission consent reform and was a strong objector to Sinclair's nixed attempted to buy Tribune. While the association didn't file initial comments (it relied on the American TV Alliance to do the job), it still has plenty of objections. Those were on display last week when members met with FCC official as part of the group's annual DC lobbying day. Execs from Cable ONE, Acentek, Shentel, Cooperative Network Services, TDS and HTC met with Media Bureau staff and advisers for FCC chmn Ajit Pai, offering up some specific examples of why they believe Nexstar is a "bad actor." Shentel vp, industry affairs Chris Kyle described Nexstar as "the most difficult party" with whom he negotiates, saying the broadcaster essentially ignores negotiation requests until weeks or even day prior to a blackout, according to an ex parte. TDS began 2019 with a 32-day blackout of Nexstar stations, which included the NFL playoffs. TDS said Nexstar insisted on being paid similar to Big Four rates even though some stations lost that Big Four affiliation. Acentek's CFO Darren Moser said Nexstar negotiated an "exceptionally high rate" for its ABC station in Grand Rapids, with the provider learning later that it would be required to blackout the ABC network programming from the Nexstar station's signal because of network nonduplication protection claimed for the first time by the other ABC affiliate in the market. "These may or may not be violation of the Commission's good faith rules. At a minimum, however, they paint a picture of Nexstar as a bad marketplace actor," ACA Connects said. "They also provide a fairly reliable predictor of what will happen if the omission permits Nexstar to obtain additional stations." Most recently, electric co-op upstart HolstonConnect filed a complaint against Nexstar, alleging it failed to engage in good faith negotiations and is seeking grossly excessive retrans fees for two top-four affiliates. The FCC is on Day 40 of is voluntary 180 day timeline for reviewing the merger. Oppositions to petitions to deny, which came in from DISH, Frontier and a coalition of public interest groups, are due April 2. Assuming regulators sign off, the deal is expected to close in late 3Q or early 4Q. This week, Wolfe Research raised its year-end price target for Nexstar to \$147, representing a 37% potential upside from Tuesday's close. The analysts said they feel incrementally positive regarding the deal's close following Nexstar's divestiture announcement earlier this month. "The sellers multiple of 11x (we calculate 10.4x for the 8

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



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

ANNOUNCING Cablefax's TOP OPS Nominations

Who deserves to appear in Cablefax's
annual power Top Operators list?

Nominations Due: March 29!

Help Cablefax compile this influential list of MSOs and Independent Operators by nominating the companies and executives you think should be included in our annual list of leading cable operators.

The categories recognize excellence in a variety of areas, including marketing, technology, finance, lifetime achievement, customer service and community involvement. Nominations are open to all operators.

It's free to enter – but you must submit your entries by March 29!

Honorees will be honored during Cablefax's Celebration of Leadership Gala on Thursday, June 6, 2019 at the Yale Club in NYC and profiled in the July issue of Cablefax: The Magazine.

The Independent Operator of the Year Award (IOY) is presented in conjunction with ACA and NCTC.



Submit Today at: www.CablefaxTopOps.com

Questions: Contact Mary-Lou French at mfrench@accessintel.com or 301.354.1851.

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

Scripps stations and 11.7x for the 11 **Tegna** stations) far exceeded our expectation of 8.5x,” Wolfe said in a note to clients. “The gross proceeds of \$1.32bln were 32% higher than management’s initial \$1bln guide.”

A+E Networks Targets Smaller Advertisers: As upfronts roll around, **A+E Networks** is launching “P1,” an initiative that offers the company’s audience-based targeting and reporting platforms to small and mid-sized clients across one single network. A smaller customer can now get optimization on one network vs the entire A+E portfolio, thus lowering the cost of entry. “We are excited for this initiative to bring clients to TV that have been used to the analytics they get from digital platforms, and to offer an opportunity for smaller brands which are part of larger companies that don’t tend to get funding for TV campaigns,” said *Roseann Montenes*, vp, precision & strategic audience sales partnerships for A+E Networks. **The Video Advertising Bureau** puts addressable TV’s footprint at approximately 64mln households, larger than **Netflix, Amazon, Prime Video** or **Hulu** in the US. That compares to 49.8mln in 2016. **MAGNA US’s** Sept ad revenue forecast estimated that \$2.1bln was spent on addressable TV last year, on part with projected expenditures for ad-supported OTT during the same period.

Probing Privacy: The **FTC** has sent orders to **AT&T, AT&T Mobility, Comcast, Google Fiber, T-Mobile, Verizon Wireless** and **Verizon** seeking info about how they collect, retain, use and disclose data about consumers and their devices. The FTC said it’s initiating this study to “better understand Internet service providers’ privacy practices in light of the evolution of telecommunications companies into vertically integrated platforms that also provide advertising-supported content.”

Turner Buyouts: **AT&T’s** integration of **Turner** into **WarnerMedia** continues, with the company offering buyouts to Turner employees 55 year old and up with 10+ years of experience, according to the *WSJ*. Company officials did not return requests for comment. It’s part of an ongoing restructuring that’s seen high profile departures including Turner pres *David Levy* and **HBO** CEO *Richard Plepler*. More recently came the news that *Simon Sutton* is leaving as president and chief revenue officer. **Turner International** exec *Gerhard Zeiler* was named earlier in the month CRO for WarnerMedia.

Viacom-AT&T, Continued: Details are still murky on **AT&T’s** new carriage agreement with **Viacom**, but the programmer has reaffirmed its domestic affiliate growth guidance for the year following completion of the deal. “We think AT&T could have paid Viacom down 20%, and Viacom can still get to +[low single digit] growth for FY19. That’s better for Viacom than feared, but doesn’t say anything glowing about Viacom’s prospects. They are the only network group getting paid down,” **Bernstein Research** said Wednesday. “Still, we think AT&T blew a rare opportunity to lead

Cablefax

Leaders Retreat

April 29-30, 2019
Ocean Reef Club, Key Largo

Extremely Limited. Don't Wait Any Longer to Get Your Seat at the Table.

www.cablefax.com/event/CLR19



LORI LEBAS
SVP, Affiliate Partnership
Development and Operations
The Walt Disney Company / ESPN

The Cablefax Leaders Retreat fosters off-the-record executive discussions that simply can't be had anywhere else. **But don't just take our word for it...**

“ Beautiful venue for an important conversation on the state of our industry. ”

Sponsored By:



Industry Partners:



the industry toward a more rationalized and stable future. They must've been afraid of churn. But churn is not going to stop, anyway." Bernstein has Viacom rated "underperform" with a price target of \$27.

Pirates Beware: Antipiracy firm **Friend MTS** has expanded to North America and is opening a regional HQ in Philly. The office will be led by Friend chief commercial officer *Simon Williamson*. *Heidi Newman*, a former **NBCU**, **Starz**, **Scripps** and **Discovery** exec, is coming on board as vp, Americas with an emphasis on developing the content owner market for security services. She's based in DC. *Brad Parobek*, who has more than 30 years working with cable, IT telco and broadcasters, will serve as svp, sales, Americas, driving overall strategy and regional growth. Ahead of **NAB**, Friend MTS has launched "Piracy-iQ," a service for measuring streaming piracy consumption over ISP networks that allows content owners, programmers and pay-TV providers to assess the impact of piracy on their businesses and track the performance of their content protection services

Technologists Apply: The **FCC** is requesting nominations for its Technological Advisory Council, which provides the agency with technical advice and meets 3-5 times a year. Nominations are due by April 10. E-mail michael.ha@fcc.gov and include "TAC nomination" in the subject line.

Opening Day: On the heels of celebrating its 10th anniversary, **MLB Network** set its schedule to open the 2019 season. All day studio content on Opening Day (March 28) begins at 9am with a special edition of "Intentional Talk" followed by the season debut of "MLB Central." The schedule has a lineup of analysts with a combined 49 Opening Day appearances in their Major League careers, and the regular season studio schedule for 2019 returns March 29. The net will televise more than 40 live games during the first month of the season, including *Bryce Harper's* return to DC when the **Phillies** take on the **Nationals** on April 2. In related news, **fuboTV** will become the first virtual MVPD to stream regular season MLB games in 4K as part of its 4K beta offering. Fubo's coverage kicks off Saturday at 4pm when the **Atlanta Braves** take on the **Philadelphia Phillies**.

ESPN Rights: **ESPN** and the **American Athletic Conference** reached a 12-year media rights extension, beginning in 2020-21 when the current agreement expires. More than 130 football and men's and women's basketball games from the American will be aired annually on ESPN's TV nets, and new to the rights are all Navy-controlled football games versus Notre Dame. Events on **ESPN+** will begin at the start of the new agreement, with the DTC service offering more than 500 conference-controlled events in 2020-21. American Athletic Conference commish *Mike Aresco* said the conference was pleased to be adding thou-sands of events to DTC service **ESPN+**. "As far as we're concerned, **ESPN+** is the future..." he said in a call with reporters. "It's an innovative digital platform that you want to be on. In fact, we still have more coverage on the priority networks of **ESPN** than we had before, which is terrific for this conference. But the fact is there are going to be more sports offered on **ESPN+** than ever before. Again, it's as though we have our own branded network on that platform."

Public Affairs: **AT&T** and the **Elizabeth Dole Foundation** teamed up to promote Access from AT&T. The effort provides affordable home internet access to low-income customers, including vets, military caregivers and their families within six major metros across AT&T's wireline service area. The pair will conduct coordinated outreach to vets and their families in addition to hosting events, meetings and support groups.

Programming: **Discovery** will air the doc "Liberation Heroes: The Last Eyewitnesses" on May 1 at 7pm as part of the USC Shoah Foundation's Stronger than Hate Initiative in honor of Holocaust Remembrance Day. The one-hour film follows veterans sharing their WWII liberation experiences. -- **Smithsonian Channel** will expand its "Aerial America" series across the pond with the debut of "Aerial Britain" on April 28 at 8pm.

On the Circuit: **WICT** Rocky Mountain Chapter announced the cable industry leaders and stars who will be honored at the annual Walk of Fame event on May 9. **Comcast's** *Cathy Kilstrom* will receive the Lifetime Achievement Award, while **Charter's** *Jodi Robinson* was named Woman of the Year. Other honorees include Charter's *Ellisa Reid*, Comcast's *Shane Portfolio* and **CableLabs' Rachel Beisel**.

People: *Jennifer Caserta's* role at **AMC Networks** has expanded to chief transformation and people officer. Last year, the long-time **IFC** president moved into the chief transformation officer role. She continues to report to pres/CEO *Josh Sapan*. -- Former **Weather Channel**, **Turner** and **Discovery** exec *Wonya Lucas* was named to **EW Scripps'** board of directors. Lucas is now the pres/CEO of **Public Broadcasting Atlanta**. -- **NAMIC** announced its 2019 board, welcoming *Sandra Garcia Lowery* and *Emory Walton III*. Lowery is past president of NAMIC-NY and founder of **Encounter Marketing and Public Relations**. Walton serves as vp, content distribution, **A+E Networks**. The org also elevated *Mark Kang*, svp, worldwide distribution, **INSP TV** to vice chair.

Think about that for a minute...

Outside the Box

Commentary by Steve Effros

It's time to think outside the box on the entire issue of regulatory policy related to the new world of telecommunications and information. Recent comments made by key constituents in the debate suggest there may be some new ways to approach the challenge.



I've long argued we need an entirely new information and telecommunications statute. There's been a great deal of resistance to that idea both by those who would be regulated, because they oppose what they assume will be more regulation, and by those who constantly argue for more government control because they fear they won't get as much as they think they have now. Both sides are dug in. The "net neutrality" debate is the perfect example of the problem, but it's only part of the much broader issue.

In a panel session the other day Gigi Sohn, one of the most articulate proponents of the regulatory (she likes to call it the "consumer") point of view was remarkably honest about what the debate is really all about, and it suggested an opening to me of some new ways to approach the whole topic. She acknowledged, with regard to NN that if the issue were "simply" the "three red-line issues" of blocking, throttling and paid priority the debate would have long ended, because all sides essentially now agree on the resolution of those issues! Tell that to Senators, Representatives, and Gigi's former organization Public Knowledge. They still yell about "saving the Internet" and blocking, throttling, etc. A rhetorical wasteland.

Gigi was far more honest. It's about power, she said. Who has the regulatory power? One side argues for the FCC. The shorthand for "power" is "Title II." The other side says FTC, the shorthand is "antitrust law." Both sides attack the other noting, correctly, that both Title II common carrier regulation and antitrust regulation are somewhat antiquat-

ed legacy laws, burdening legacy regulators, as applied to the new telecommunications world. Both sides fear being either drawn into the past or insufficient ability to consider and/or control the future. They are both right. Why not just start with something new?

As Gigi noted (she rightly characterizes me as a "freemy") The real issue here is power. But it has to be explored in more than one dimension; power over whom, about what, and by whom? The first part is the most difficult because it exposes the principal problem with the current laws.

If we're concerned about privacy and transparency as well as price and equality and, of course, the elimination of "unfair" economic advantages, then we have to talk not only about infrastructure deliverers, wireless and wired ISPs, but also platforms like Google, Facebook, etc. Those platforms constitute as much, if not more of an economic and privacy challenge with their business plans as the ISPs do. But there's no current regulatory body comprehensively covering them all, and each side is right saying the legacy agencies and legacy laws won't do.

So why not start anew? Start with a debate over what we need to regulate, or at least "oversee" to protect the public in this new, integrated telecommunications world, using totally new business models, and then decide how much power (regulation) should be accorded. Assign it to a new entity which may be given the power to refer different issues, as appropriate, to existing agencies so we don't duplicate effort or expertise. It's all very complicated, but a new way to think about all this. I'll explore it in more depth in coming columns.

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.)



JOIN US

in New Orleans
May 20-22, 2019



Register Now!

www.mediafinancefocus.org