

# Cablefax Daily™

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What the Industry Reads First

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## Bloody Weekend: Satellite Carriage Battles Escalate

Oh, what a weekend for carriage negotiations. While **AT&T/DirecTV** lost **CBS**-owned stations early Saturday morning, **DISH** faces a host of expirations, with **Fox** regional sports networks and **Disney** issuing warnings on Saturday of potential channel drops. Word is that **Fox Broadcast** may be up by the end of the month. But even before the unusually heated July weekend, there's been plenty of trouble in satellite land. **HBO** has been off **DISH** since early November, **Meredith** stations have been dark on **DISH** in about a dozen markets for nearly a week and **Univision** had been dark on the **DBS** service for nearly nine months, returning in late March. Of the more than 213 blackouts counted by the **American TV Alliance** so far this year (a number totaled before **CBS** stations went dark), **AT&T/DirecTV** counted for the vast majority, with blackouts currently underway with **Nexstar**, **Northwest Broadcasting** and several independent station groups. While small and medium independent operators are arguably the most vocal critics of the retransmission consent process through organization **ACA Connects**, it's clear satellite is the MVPD most often going to war. **DISH**'s upcoming channel expirations include the **Fox RSNs** that **Sinclair** is purchasing, which Charter already has reportedly agreed to terms on. Charter did have a blackout in January with **Tribune**, but it lasted nine days. **Nexstar-AT&T/DirecTV**'s spat is currently in its third week. The **Northwest** battle has been going on since February; Charter's blackout with **Northwest** last year lasted four months. Why is satellite so often in the battlefield? "It's not a coincidence that the difficult negotiations are with satellite rather than cable. For the most part, cable operators have decided that video subscriber losses, at least within reason, don't really matter all that much, so they don't feel the same pressure to drive a hard bargain," **MoffettNathanson's Craig Moffett** told **Cablefax**. "If the price of video rises, and video subscribers decide to leave as a result, so be it. Their broadband relationship with the customer will still be fine. Satellite operators don't have the same luxury. They have to scrounge under the sofa cushions for every spare coin they can find." Numbers for 1Q back this up. Satellite lost about 810K subs vs approx 375K in 1Q18, marking the fourth consecutive quarter of record net **DBS** losses, **Leichtman Research** reports. With **AT&T** kicking off traditional MVPD 2Q reporting season on Wednesday, the trends are expected to

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continue, particularly given 2Q's typical seasonal weakness. **Evercore ISI** anticipates 2Q net losses of 1.5mln vs 873K a year earlier, mainly due to substantially higher losses at DirecTV and DISH. "This is a seasonally weak quarter for video in particular, and we believe that's being exacerbated by high churn at DirecTV in particular as customers roll off discounted packages, and a portion of those customers decide to go broadband-only, rather than taking a video package from their new provider," the firm told clients in a research note that predicts cable's broadband net adds will slow only slightly to 427K from 507K in 2Q18. -- **The Locast Factor:** AT&T seemed to be prepping for this CBS [battle](#), making a \$500K donation to **Locast's** parent and offering the free broadcast streaming app on its DirecTV Genie and U-verse internet-connected receivers. Locast is available in 9 of the 14 markets where a CBS-owned station is currently dark. "We're seeing a steady increase in sign-ups. As in the past, the biggest factor determining usage is what's on TV. Popular events on broadcast tend to increase the use of Locast," founder *David Goodfriend* told us Monday. -- **DISH's Deadlines:** A 2am ET contractual deadline passed Monday morning, with Disney-owned **FX** and **National Geographic** networks still available on DISH and **Sling**, indicating the two have agreed to keep talking at least for now. The Fox RSNs and **YES Network** (the latter, available only on Sling) also continue to be available. "The Fox Sports RSNs and DISH/Sling have reached a temporary extension while we work together towards an agreement for carriage of these networks," the Fox RSN website said Monday. YES Network's KeepYesNetwork site was down, indicating its likely also in an extension status.

**O'Rielly Weighs in on STELAR:** While some are hoping the Satellite Television Extension and Localism Act Re-authorization may be a vehicle for changes to the retrans consent process, **FCC** commish *Michael O'Rielly* threw some water on the notion while speaking before the Arkansas Broadcasters Association. As a commissioner, he deferred to Congress, but said he's noticed the legislation follows a typical cycle. "The draft bill is typically broad and includes many provisions early on in the process. Over time, with congressional hearings, stakeholder meetings, and all sides weighing in, the bill gets whittled down to its characteristically narrow scope by the time it gets out of committee," he said in prepared remarks at Friday's gathering. "We are currently in the stage of the process where all sides are making the proverbial swing for the fences. As Congress spends more time sifting through the issues and crafting a final bill, I would expect we'll see a more modest outcome."

**Pai Proposes Two Changes to Update FCC Procedures:** The neverending quest to modernize **FCC** procedures continued Monday with FCC chmn *Ajit Pai* presenting two new proposals to streamline rules and reduce

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paper use. The first would see the FCC fully transition the Universal Licensing System from paper to an electronic format. The second would expand the use of written hearings in an attempt to expedite hearing processes “which will benefit the private sector as well as the Commission,” Pai said in a statement.

**One Year Until Tokyo 2020:** With Wednesday marking the 1-year mark until the 2020 Olympics, **NBCU** is hoping to drum up excitement for the Games with a promotional spot that will air across its portfolio of 20+ broadcast and cable nets. The company has planned a two-day Olympics celebration that kicks off special programming featuring Olympic athletes and more on its networks. NBCU owns the exclusive media right to the Olympics Games in the US through 2032. Meanwhile, **The Olympic Channel** will present two live shows, both titled “One Year to Tokyo 2020 Live Special”, to air on July 24. The first 30-minute show airs at 2:30am ET live from Japan and the English live show will air at 3:15am ET.

**Lifetime Lays Out Holiday Programming Schedule:** There may still be five months to go until Christmas, but **Lifetime** has already revealed its holiday slate. It’s a Wonderful Lifetime will kick off on October 25, pitting it head to head with **Hallmark’s** Countdown to Christmas debut. Lifetime’s programming event, running through Dec 25, will feature 28 original movies. Among those upcoming originals are “Christmas Reservations” with *Melissa Joan Hart*, “A Very Vintage Christmas” starring *Tia Mowry-Hardtrick* and “Radio Christmas” with *Keshia Knight Pulliam*.

**Microsoft Puts Its Eggs in OpenAI Basket:** **Microsoft** is investing \$1bln in research lab **OpenAI** to fund its work on artificial general intelligence, autonomous systems designed to take on and reason through everyday human tasks. The multi-year partnership will see Microsoft become OpenAI’s preferred partner for commercializing new AI technologies with OpenAI porting its services to run on Microsoft Azure. The two will jointly build Azure AI supercomputing technologies designed to train and run AI models.

**More Time on Pluto Waiver:** The **FCC** Media Bureau is extending the timeframe for comments regarding **Pluto TV’s** petition for a waiver requiring closed captioning of video programming delivered through Internet protocol. The initial deadline for comments was Friday, but various groups have asked for more time, citing summer hardships (ie, Telecommunications for the Deaf and Hard of Hearing’s pro bono counsel through Georgetown Law’s clinic is largely inoperable during the summer). Pluto didn’t oppose the 90-day extension. The new deadline is Oct 24 with replies due Nov 7.

**Ratings:** **MLB Net’s** National Baseball Hall of Fame induction coverage Sunday scored a 0.35 overnight rating, up 21% from last year and 84% over 2017’s ceremony. In fact, it’s the second-best HoF ceremony since the net launched in 2009, with 2014’s holding the record (0.43 rating and featured *Tom Glavine, Greg Maddux, Frank Thomas, Bobby Cox, Tony La Russa* and *Joe Torre*). -- “Yellowstone” continues to pull in nice digits for **Paramount Network**, with Wednesday’s ep delivering 4.7mln total viewers (the second highest-rated in series history).-- **Sportsman Channel** said it ranks as the fastest-growing basic cable net with men 25-54 for the first half of 2019, up 32% with the demo in total day. -- Wednesday’s airing of **Paramount Network’s** “Yellowstone” drew the eyes of 4.7mln viewers in **Nielsen L+3**. It was the second highest-rated episode in series history with P18-49 (1.76 rating), W18-49 (1.79) and W25-54 (2.52). -- *Jonathan and Drew Scott* continued their reign as **HGTV** fan favorites Wednesday with “Property Brothers: Forever Home” earning a .74 L+3 rating among P25-54. More than 14.7mln total viewers have watched the series since its May 29 premiere.

**Programming:** **Insight TV** has teamed up with **Monster Energy** to co-produce a documentary film following the story of 24-year-old female drag-car racer *Jndia Erbacher*. “Jndia, The Fast Life” will premiere on Aug 10. -- **truTV** has ordered a 26-episode ninth season of “Impractical Jokers.” Season 8 is currently airing with new episodes returning on Aug 8 at 10pm. -- **WGN America** will debut “Dog’s Most Wanted” on Sept 4. *Duane “Dog” Chapman* (Dog the Bounty Hunter) will go on a cross-country manhunt to track down a carefully curated list of his most wanted fugitives. -- **Discovery Channel** series “Contact” premieres Aug 7. The show features six highly trained investigators using CIA software and military-grade techniques to find the answers about aliens and Earth.

**People:** *Jamie Susskind* joined **CTA** as vp, policy and regulatory affairs. She most recently operated as chief of staff to **FCC** commish *Brendan Carr*, focusing on wireline and consumer protection issues. -- *Alisa Valentin* was named special advisor to FCC commish *Brendan Carr*. She joins his office from **Public Knowledge**, where she was a communications justice policy fellow with specialties in broadband deployment and access issues. -- **Hulu** CFO *Elaine Paul* has stepped down to join **Amazon Studios** as CFO/vp, finance. Prior to joining Hulu, Paul served as svp, corporate strategy, business development and technology at **Disney**.