

Cablefax Daily™

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What the Industry Reads First

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Winds of Change: Indy Show Blows Back to Chicago This Week

When **ACA Connects** and **NCTC** first combined their efforts and introduced the joint Independent Show in 2006, the conference was held in Chicago. On Sunday, the two groups return to the Windy City for their 14th Indy Show together. And just as the associations and their members have changed, so has the annual gathering. New this year is the **Indy Show's** first-ever legal track, designed specifically for lawyers and regulatory professionals (and closed to press, drats...). Another newcomer is the rebranded "Marketing Innovators Group," (formerly the NCTC Marketing Confab), which has a full day of meetings Sunday. "A lot of those folks maybe communicate informally, but this provides a forum that's maybe a little more productive," NCTC pres/CEO *Rich Fickle* said. ACA Connects and NCTC will continue to look for new areas to focus on each year. On Tuesday, ACA Connects is sponsoring former White House press sec *Ari Fleischer* as a keynote speaker. "I'm really fascinated to hear what he'll have to say to our members about division and dysfunction in Washington and how we can make a mark and try to find wins," said ACA Connects pres/CEO *Matt Polka*. Speaking of division... This year's show falls during some heated retrans and carriage negotiations. **Sinclair**, a regular Indy Show exhibitor that's had a few retrans impasses with distributors over the years, is hosting a visit to Wrigley Field Monday night in celebration of its venture with the **Chicago Cubs** for the upcoming **Marquee Sports Net**. You'll recall ACA Connects was among those fighting Sinclair's failed attempt to buy **Tribune**. But Polka said the broadcaster's presence makes sense. "If we feel that any company or group of companies is poised to take advantage of our members in any way, we're going to speak out forthrightly no matter what. No one should expect anything less. From our perspective, we've called Sinclair a bad actor and will continue to do so based on their behavior," he said. "We also work in an industry where a company like Sinclair provides services to our members—maybe not always as easily and happily as in some other negotiations, but there is a business relationship there. I think Sinclair has an obligation to try to serve its customers... This is an industry event showcasing our members, and Sinclair as a vendor of our member companies I think has an obligation to be there." Sinclair certainly could use the time to create goodwill as it prepares to take on ownership of the **Fox Sports RSNs**, which **DISH** just lost on Friday. Something else noteworthy at Independent Show this year is an advanced advertising panel Tuesday featuring execs from **Comcast Spotlight**, **SpotX**, **Viamedia** and other companies. Its inclusion is very purposeful, with

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NCTC moving into the ad tech space. “The impetus for doing it right now is we now have close to 100 companies launching with **MobiTV**. In the all IP world, there’s a little bit of a challenge in taking local ads and making sure they are available on these new platforms. We had to solve that problem and as we dug into it... that same infrastructure can be used to foster ads across a lot more channels,” Fickle said, noting this can lead to advertising on VOD, something most NCTC members can’t do today. “We will be launching that service probably next year and we’ll be talking to members about it at the show. It will work across multiple platforms, not just **Mobi**, **Espial**, **TiVo**. It’s an exciting thing that will help operators grow revenue.” -- We don’t know if **AccuWeather** or **Weather Channel** pulled some strings, but it looks like the show has also been blessed with good weather. Polka reminded us that when the show launched in Chicago in 2006, the temps were above 100. Looks like temps may be in the 70s!

DOJ Bets on DISH to Maintain Wireless Competition: Finally, a decision has been made. The **DOJ** revealed Friday that it will approve the pending merger between **Sprint** and **T-Mobile** with the condition that room will be made for a new entrant into the wireless market. That entrant, as many predicted, will be **DISH**. Following completion of the merger, DISH will acquire Sprint’s prepaid businesses and customers, including **Boost Mobile**, **Virgin Mobile** and Sprint’s branded prepaid service. Also coming to DISH is 14MHz of Sprint’s 800MHz spectrum. DISH has committed to the FCC that it will deploy a 5G broadband network capable of serving 70% of the US population by June 2023 with at least 15K 5G sites deployed. The new entrant to the wireless game will have access to New T-Mobile’s network for seven years while it gets its own network up and running. DISH has committed to new buildout schedules for its 600MHz, AWS-4, 700MHz E Block and AWS H Block licenses and will utilize all of them to build out its 5G broadband service. Should DISH fail to meet its buildout commitments, it will be subject to up to \$2.2bln in voluntary contributions and potential spectrum license forfeitures from the **FCC**. With the DOJ’s decision finally made, the Commission can proceed with its own draft order approving the deal. There will not be an additional public comment period before that draft order is passed around to the commissioners. That decision has already been frowned upon by Democratic FCC commish *Jessica Rosenworcel*. “I remain skeptical that this combination is good for consumers, good for competition, or good for the economy,” she said in a statement. “Too much here has been done behind closed doors.” Plenty are celebrating the DOJ approval, but the deal still has a plethora of opponents. Of course, there’s still the pending lawsuit from 13 state attorneys general and DC seeking to block the deal for anti-competitive reasons. Folks at **Consumer Reports** claim that the deal with DISH will do little to address the competitive harm and consumer dangers, especially since DISH is a newbie in the world of wireless networks. “The deal reportedly gives DISH some of the building blocks

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it will need to make a go of it. But it could take years for DISH to get to the point where Sprint is now—if it ever gets there,” Consumer Reports senior policy counsel *George Slover* said. “They are trading a bird in the hand for a pig in a poke.” **Public Knowledge** sees the DOJ’s conditions as a good sign, showing support for the need for four national wireless carriers. Still, the DOJ is making a risky move betting on DISH to become a new wireless powerhouse, with consumers facing considerable harm if the marketplace doesn’t develop as DOJ envisions, the group said.

DISH vs Fox Sports RSNs: Remember when carriage disputes centered on the argument over who dropped who? These days it seems to be about who rebuffed whose extension. After **DISH** and **Sling** lost 21 **Fox Sports RSNs** at noon ET Friday (Sling lost **YES Network**), a Fox Sports Regional Networks spokesperson said the DBS provider declined an offer to extend the current deal terms. DISH programming svp *Andy LeCuyer* told us that the offered extension would have put the new expiration date right up against MLB’s 2020 Opening Day. “That’s using the consumer and putting them in the middle. It’s fundamentally unfair,” he said, adding that the RSNs declined DISH’s offer for a brief extension to continue negotiations. “Coming to a fair deal is in the interest of customers, not a nine-month extension that simply puts them in the middle again.” This negotiation is especially complicated given that the Fox RSN group was sold to **Disney**, which is required by **DOJ** to divest the networks. It’s in the process of selling the RSNs to **Sinclair** (and presumably the **Yankees** are taking back full control of **YES**). LeCuyer said he’s been dealing with the Fox RSN leadership team, headed by *Jeff Krollik*. “I don’t know what, if any, conversations have happened with those other entities,” he said. He declined to discuss other carriage talks, including an extension reached with Disney earlier in the week regarding **FX** and **Nat Geo** networks. Those nets remained on DISH Friday, with a Disney rep telling us, “we continue to have productive conversations.”

Rutledge Sees No End in Sight to Carriage Battles: As a connectivity company, the success of **Charter’s** 2Q19 largely depends on the growth of broadband. It couldn’t quite hit the mark, reporting total broadband sub additions of 258K, 21K short of StreetAccount’s consensus. Its 151K drop in video subs was much larger than expected with the consensus calling for a 93K decline. Much like **Comcast**, Charter is learning to embrace the loss of customers rather than offering them promotions to stick around. Charter is thinking of video not as a standalone business, but as an attribute of its connectivity relationships with customers. Maintaining that relationship means offering up a top-notch video package with the programming customers want, which isn’t as easy as it may sound nowadays. As for the ever-growing number of carriage battles, don’t expect a reprieve to come any time soon. Charter CEO *Tom Rutledge* said he expects “continuous fighting for the foreseeable future.” He still sees plenty of value in the video

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bundle, but says that it is programmers themselves who are ruining the price-value ratio for consumers by making their content available through streaming services and on free over-the-air antennas. “I don’t like raising the prices to our customers. Customers don’t know where the price increase is coming from and they attribute it to us,” Rutledge said. “On the other hand, if you don’t fight with programmers to maintain some sort of price integrity for your customer, you’ll pass through a lot of product... my wish would be that the content industry would manage their content and their copyright to their benefit instead of pushing through price.”

Bipartisan Duo Go After Retrans: Reps Anna Eshoo (D-CA) and Steve Scalise (R-LA) made good on a pledge to introduce retrans reform legislation. The Modern Television Act would repeal the '92 Cable Act, abolishing retrans consent, compulsory copyright licenses and several other statutory provisions. Other components include extending good faith negotiation requirements to small- and medium-sized cable operator buying groups (like NCTC) and requiring MVPDs to carry a broadcast signal while parties continue to negotiate for up to 60 days. There’s also a mechanism in which the FCC can compel parties to seek baseball-style arbitration through a third-party arbitrator. The big question is whether any of this will be incorporated into a STELAR reauthorization.

Cablefax Dashboard

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Up Ahead

- July 28-31:** [The Independent Show](#); Chicago
- Aug 1:** [FCC Open Meeting](#); Washington, DC
- Aug 5-7:** [CableLabs Summer Conference](#); Keystone, CO
- Sept 13-17:** [The IBC Show](#); Amsterdam
- Sept 17-28:** [33rd Annual NAMIC Conference](#); NYC

Research

- > The top non-TV application of Smart TVs is music streaming with nearly 4 in 10 Smart TV owners using it to stream music.
- > 1 in 5 consumers with a Smart TV use their TV to “cast” a smartphone or tablet screen onto the TV screen.
- > 56% of consumers say they know at least something about the Roku brand and 26% say they know a lot. In contrast, 43% are familiar with Fire TV, with only 15% saying they know a lot.

(Source: Hub’s “Evolution of the TV Set” study)

Quotable

“We’re really pleased with the wireless, Xfinity Mobile, the first several years we’ve been in business... Around 1.5mln customers, I believe. And really, we’re offering a great suite of products with value to our best broadband customers. It’s got a strategic focus for how we’re operating the company. And now it’s beginning to have real volume and scale and getting us closer to that point where, economically, it’s not a drag and it’s a contributor. So I don’t know why we would change direction.”

- **Comcast CEO Brian Roberts** during 2Q earnings call

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