

# Cablefax Daily™

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What the Industry Reads First

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## Fee Free: FCC Loosens LFA Regulations on Cable Ops

Local cable franchising authorities can't regulate a cable operator's broadband service, according to the **FCC**. The Commission voted 3-2 along party lines at its open meeting Thursday to adopt a Report and Order also stating that in-kind services required of cable operators by LFAs would now be counted towards the 5% franchise fee cap. The Commission also concluded that requirements concerning LFA regulation of cable operators should apply to state level franchising actions and regulations. The R&O was revised after receiving the attention with *Sen Ed Markey* (D-MA) and 14 other Democrats earlier this week. The senators sent FCC chmn *Ajit Pai* a letter urging the Commission to exclude political, educational and government channels from the 5% statutory franchise fee cap, eliminating the potential that local governments would be forced to choose between supporting PEG channels or free cable services to schools, libraries and government buildings. The item now states that only capital costs related to PEG channels are exempt from the definition of franchise fees. While *Pai* understood that PEG operators wanted further exemptions, he said that based on rules relating to post-1984 franchises in the Communications Act, no further exclusion could be made. "Congress was clearly aware of the distinction between existing and post-1984 franchises when it established the exemptions, and we don't have the authority to rewrite the statute to expand the narrower, post-1984 one," *Pai* said. "This is Statutory Interpretation 101." The R&O's adoption as been applauded by small operators. For **ACA Connects'** members, it sets reasonable limits on franchising authorities limiting franchising authorities from requiring smaller cable providers to make in-kind contributions related to their providing cable services. "These actions are based on real-world problems smaller cable operators face, sound readings of the statute, and pro-competitive policies," ACA Connects pres/CEO *Matt Polka* said in a statement, adding that it balances the FCC's task to establish national policies with the right of state and local governments to govern public assets. **NCTA - The Internet & Television Association** also showed its support, with pres/CEO *Michael Powell* saying the item's implementation will protect consumers from excessive fees while speeding broadband deployment across the US. Democratic commish *Jessica Rosenworcel*, however, said the R&O makes no promise to deliver any of these benefits. "Comb through the text of this decision. You will not find a single commitment made to providing more broadband



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service in remote communities,” she said. “There is no agreement that any savings from today’s action is pushed into new network deployment. I fear this absence speaks volumes.”

**Commission Approves New Mapping Technique, Rural Fund:** The FCC’s open meeting also saw the Commission finally establish a new process for collecting fixed broadband data for its national maps. The Digital Opportunity Data Collection will collect geospatial broadband coverage maps from fixed broadband ISPs in order to create more granular deployment maps. A process has also been adopted to collect information from the public on the accuracy of a service provider’s maps via a crowd-sourcing portal designed to gather input from state, local and tribal governments. The mapping process will play a role in the implementation of the \$20.4bln Rural Digital Opportunity Fund also approved at Thursday’s meeting, which would direct funds to expand broadband in unserved rural areas. However, it won’t play as big of a role in the reverse auction process as some would like. The first phase of the reverse auction would see awards for broadband deployment go to wholly unserved census blocks using existing FCC data. It’s only in the second phase of implementation when unserved locations would be targeted within partially unserved census blocks based on the more granular data to be gathered by the Digital Opportunity Data Collection. Democratic commishs *Jessica Rosenworcel* and *Geoffrey Starks* both fought against this approach, instead asking for the reverse auction to be delayed until the more granular data was gathered. FCC chmn *Ajit Pai* strongly opposed the Democrats’ idea, saying that it made “about as much sense as deciding not to provide medicine to anyone suffering from an illness until everyone with that illness is identified.”

**Shull Ready For TiVo Separation:** TiVo’s 2Q19 earnings call Wednesday was the company’s first since naming *Dave Shull* pres/CEO in May, and he wasted no time in explaining why he’s the right man for the job when it comes to splitting TiVo’s IP and product businesses. **The Weather Channel** alum pointed to the decision to sell Weather in two parts shortly after he joined, adding that the split was executed in only three months while he cut more than 20% of operating expenses to prepare the network for independent operation. Getting back to TiVo’s current situation, Shull reiterated the idea that the separation will increase the company’s flexibility to pursue new opportunities in the marketplace. The transaction is set to take place in the first half of 2020. TiVo is hoping to make the separation tax-free to its stockholders and is engaged with the IRS on the matter. They expect a ruling in late 2019 or early 2020. This quarter was strong for TiVo with the company recording an 11% revenue growth to \$176.2mln while continuing to decrease its cost structure in preparation from the separation. TiVo is raising its revenue expectations for the year to \$650-665mln (up from \$644-660mln). Wall Street is giving TiVo a thumbs-up for now with stocks up

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8.44% when the market closed Thursday. Shull did not shy away from talking about the company's ongoing litigation with **Comcast** surrounding its patents. He told investors that while Comcast may be able to design around any single patent, if TiVo is able to demonstrate that Comcast has violated any of its patents with the X1 platform, it will do what it takes to make Comcast shut down the feature. Shull added that the process of litigating through the International Trade Commission only allows TiVo to challenge a few patents of a time, hence the lengthy battle between the two. Shull said "I am always willing to enter into a productive business dialogue," but added that TiVo remains committed to litigation for now.

**Surprise, Verizon Leans into 5G:** T-Mobile chief tech officer *Neville Ray* expressed doubts of **Verizon's** 5G network expansion plans after the company announced the expansion of its 5G network to Atlanta, Detroit, Indianapolis and DC. Ray tweeted "On the eve of Verizon earnings, there are some things I've been wondering... What is Verizon's 'secret' 5G plan to expand 5G coverage between the limits of mmWave?" Verizon CEO *Hans Vestberg* fired back during the company's quarterly earnings call Thursday, saying that Verizon will have "real 5G" that gives "the right sort of performance" in the "right moment." During the call, Verizon emphasized that 5G is still in its early days, and said that it's more important for Verizon's customers to feel a difference in performance when they access the 5G network instead of rebranding a service as 5G with only incremental benefits. "The development we're doing on technology is actually extremely fast compared to what I saw in 4G. The team is out in the field every day, and I'm confident that we will continue to do well here," Vestberg said. Verizon reported better-than-expected 2Q19 results, with postpaid phone subs ahead of Wall Street expectations on higher gross adds and lower churn, while wireline broadband and TV subs were in line. The company posted an adjusted EPS of \$1.23, up from \$1.20 in 2018. Verizon reported total consumer revenue of \$22bln with 126K retail postpaid net additions (73K phone net adds) and 209K postpaid smartphone net adds. Fios Internet added 28K subs. **MoffettNathanson** kept Verizon at a "Neutral" recommendation with a target price of \$57, and its stock closed slightly down (0.018%) at \$55.26.

**Mediacom Grows Broadband:** Losing video subs isn't the catastrophe it used to be. It was a good quarter for **Mediacom**, which pulled in \$508.9mln in revenues for 2Q19, a 4.2% increase YOY. Adjusted OIBDA was \$201.9mln, a 9.1% from the prior year period. The company lost 17K TV customers in the quarter for a total 747K, down 7.5% from a year earlier. Broadband subs rose by 15K in the three months, up to 1.303mln (a 4.2% YOY gain). Capex increased marginally to \$77.5mln, while PSUs were up 0.3% YOY to 2.666mln.

**TV Viewership Increasing, Reverses Trend:** TV viewership reached a two-year high, reversing a trend of decline observed by **Comcast Spotlight** since it began tracking data in 2017. In 1Q19, people spent an average of six hours and 25 minutes watching. Viewing rose 6% (21 min) over 1Q18, and cable network viewing increased 7%, making up two-thirds of total viewing. Growth in viewership was partially driven by a substantial growth (36% YOY) and doubled across total Comcast households. More than three-quarters (79%) of households watched VOD in 1Q, and Comcast households watch 100K VOD titles each month, up from 52K in 2016. Households on average watched 53 minutes of VOD each day, and five hours and 32 minutes of live programming. The average household watched 34 nets, and 68% of viewing occurred outside of TV's traditional primetime. The research comes from Comcast Spotlight's inaugural TV Viewership Report.

**Xfinity Mobile Adds Data Options:** **Comcast** is adding "By the Gig Shared Data" options on Xfinity Mobile, which aims to give customers the flexibility to choose how much data they need and share it across all lines on their account. Xfinity Mobile says it's the first wireless carrier to allow one-click switching between Unlimited and By the Gig. New customers paying per GB can select a minimum amount of data each month shared across all lines on an account, and the more shared data a customer selects, the more savings.

**Programming:** Upcoming streaming service **HBO Max** secured the exclusive streaming rights to **BBC's** "Doctor Who." All 11 seasons of the beloved sci-fi drama will be available on **WarnerMedia's** streaming service at launch in spring 2020. The deal also locks in the upcoming Season 12 after it airs on **BBC America**. HBO Max additionally licensed 700 episodes of other BBC series including "The Office," "Top Gear," "Luther" and "The Honorable Woman."

**People:** Hulu's scripted originals team partnered with **Walt Disney Television** to integrate development of original scripted drama and comedy programming alongside Disney's resources. *Craig Erwich*, svp of scripted originals, will report to *Dana Walden*, chmn of Disney Television Studios and **ABC Entertainment**. -- **FCC** chmn *Ajit Pai* tapped **Tilson's** general counsel *Tim Schneider* to serve on the Broadband Deployment Advisory Committee's Increasing Broadband Investment in Low-Income Communities working group. Schneider joined Tilson in 2017 and previously served as Maine's public advocate.

## PROGRAMMER'S PAGE

### Rags to Riches: Discovery's 'Undercover' Venture

**Discovery Channel's** newest reality TV series is a true rags-to-riches and back-again story. With the odds stacked against him, young *Glenn Stearns* might not have looked like billionaire material. However, growing up in a struggling working-class home, being diagnosed with dyslexia and fathering a child at 14 didn't stop him from becoming one of America's wealthiest people. "Undercover Billionaire" stars Stearns, the founder/CEO of **Stearns Lending**, who has a reported net worth of \$2.2bln. The Discovery series (premieres Aug 6, 10pm) transforms him into a man who is trying to make a million-dollar business in just 90 days. His alias, Glenn Bryant, has been stuck in corporate America for the past 30 years and wants to make it on his own. Glenn will have to leave behind his private jet, yacht, six kids and a wife and start over with only \$100, an old truck, and a phone with no contacts in the town of Erie, PA. The inspiration for the series came from Stearns himself. "Glenn wasn't sure if it was luck or hard work that made it all happen, and he wanted to know if he could really do it again," said exec producer *Tim Warren*. "We wanted to prove 'The American Dream' wasn't dead." Along the way, Stearns will share his business principles with viewers that made him the billionaire he is today. His humbling journey could be his demise or triumph to his not-yet-created company. The eight-episode series proves that it takes more than money to make a successful business. Glenn must recruit team members for his new company. After 90 days, a financial evaluator will assess the value of his company and if it's a penny short a million, Stearns will invest \$1mln of his own into the company. The top performing team members will also earn a stake in running the operation. "We want to prove that you don't have to have a bag of money and lots of contacts to make something of yourself," Warren said. "Anyone can be successful." -- *Nikki McVicker*

**Reviews:** "Baskets," 10pm, Thursday, **FX**. The good news is that this quirky series remains as enjoyable as ever. Mixed news, though, is "Baskets," as many suspected, will end with this fourth season, later this month. Why is that mixed? It means viewers will have a chance to bid a proper farewell to the Baskets family, particularly Christine (the completely wonderful *Louie Anderson*) as the passive-aggressive matriarch with a golden heart. In addition, it means the series will go out on top. This week's ep is yet another enjoyable vehicle for Mama Baskets (the Emmy-winning Anderson) as she helps her granddaughter (*Malia Pyles*) with a history project. She also gets a lesson in sexual attitudes of the younger generation. -- "Serengeti," premiere, 8pm, Sunday, **Discovery**. There's much to enjoy in the opening episode of this six-part series. First there's the apposite music, which helps soften some of the more difficult scenes of predators on the hunt. The camera work is strong, though not always. Ditto the audio, which at times seems realistic, but also has uneven moments. The buttery voice of *Lu-pita Nyong'o* is a delight as she narrates the stories of the animals. It seems the point of the "Serengeti" storyline is to remind us that we share characteristics, good and bad, with our fellow animals. It does that well. -- *Seth Arenstein*

#### Basic Cable P2+ Prime Rankings\*

(7/22/19-7/28/19)

Mon-Sun	MC	MC
	US	US AA
	AA%	(000)
FNC	0.894	2,731
MSNBC	0.459	1,403
HGTV	0.415	1,268
HALL	0.393	1,199
TLC	0.376	1,148
USA	0.372	1,136
HISTORY	0.364	1,113
TBS	0.315	961
ID	0.313	956
DISC	0.293	895
A&E	0.292	893
FOOD	0.266	813
ESPN	0.259	790
CNN	0.256	781
NICK	0.256	781
INSP	0.237	725
TNT	0.208	634
ADSM	0.205	626
NAN	0.205	625
LIFE	0.201	614
BRAVO	0.185	565
SYFY	0.181	553
TVLAND	0.178	545
VH1	0.164	500
WETV	0.162	495
DSNY	0.155	475
AMC	0.154	470
ANIMAL	0.149	454
TRAVEL	0.147	450
FX	0.144	441
PARA	0.144	441
FRFM	0.144	439
MTV	0.137	420
GSN	0.136	414
HMM	0.135	412
DSJR	0.128	391
NKJR	0.121	369
NATGEO	0.120	367
WGNA	0.116	354
CRN	0.114	349
OXY	0.109	332

\*P2+ L+SD rankers are based on national Nielsen numbers, not coverage.

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