

# Cablefax Daily™

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What the Industry Reads First

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## Lone Star: Texas Next State to Join Case Against T-Mobile/Sprint

The DOJ's bet on DISH to maintain competition in the wireless marketplace hasn't quelled the state AGs suing to block the merger between T-Mobile and Sprint. Texas Attorney General Ken Paxton is the latest to join 13 other state attorneys general and DC in their quest to block the merger, saying that he has an independent obligation to protect Texas consumers and preserve free market competition. Paxton argued that the deal is not in the interest of working Texans "who need affordable mobile wireless telecommunications services that are fit to match the speed and technological innovation demands of Texas' growing economy." He'll be one of the leaders in the battle alongside California AG Xavier Becerra and New York AG Letitia James. At a hearing in the US District court for the Southern District of New York Thursday, the states advised the court that they would be seeking leave for Texas and possibly other states to join the suit next week. The trial has been scheduled for Dec 9, but could be moved up a week depending on the court's schedule. "Given prior guidance for 2-3 weeks for trial, some holidays, and assuming 6 weeks for a decision, it looks like a February decision," New Street Research's Vivek Stalam said in a research note. Sprint did not hold its usual 2Q earnings call Friday, but pres/CEO Michel Combes did say that it and T-Mobile are prepared to "vigorously defend against the State Attorneys General lawsuit filed to block the merger." The struggling wireless company reported a net loss of \$111mln, operating income of \$455mln and an overall loss of 175K mobile subs. Postpaid additions came in at 134K while postpaid churn hit 1.78%. Although some have said Sprint's health relies on the merger, analysts are questioning whether DISH will be able to offer anything comparable to others in the wireless market within at least a few years, even with all its spectrum resources. "Yes, DISH has a lot of spectrum, but so does Sprint, and DISH has no ground facilities whatsoever, and has committed to only 15K sites, while Sprint has over 45K towers," MoffettNathanson said in a research note. "It's one thing to imagine that a Sprint restructuring could keep a set of assets in a business where they are already deployed. It's quite another to imagine that a set of assets not in use today will be restructured in a way that eventually brings them to market, and in a time frame that is relevant for sustaining competition in that industry."

**WOW! Betting on Broadband:** Video continues to be a less meaningful portion of WOW's business, but CEO

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**Teresa Elder** made it clear on the company's 2Q19 earnings call Friday that video is far from irrelevant. "Our data shows video consumption is actually rising," Elder said. "It's the way customers consume video that's actually changing." When customers drop their linear video subscription, their internet usage rises significantly. WOW! sees that as its opportunity to retain those customers with broadband, which offers limited substitution risk while allowing WOW! to leverage the long-term value of its fiber and hybrid fiber-coax infrastructure that it owns and operates. While Elder didn't offer up specific numbers, she said the recently-introduced 200Mbps speed has quickly taken off. WOW! has also seen a doubling YOY in the number of customers taking up their 500Mbps and 1Gbps speeds. So while WOW! continues to offer up video for now, it is far from the provider's core product. "We do still have a significant portion of our customers, new and existing, that do like the linear video product... but it is not a product we lead with," Elder said. WOW! reported total subscribers of 811.3K subs, an 11.2K increase YOY. HSD RGUs came in at 765.5K, a 17.7K boost from last year's numbers. The provider has also continued work on its edge-out projects, adding 14.3K homes passed in 2019. WOW!'s edge-out initiative has reached 152.6K homes passed since 2016.

**Charter/Disney In Talks After Carriage Deadline Expires:** Disney and Charter Communications passed a deadline on a new channel carriage agreement, but according to CNBC the sides are still talking with no blackouts. The main issue comes with **ESPN**, and its proposed pricing for the upcoming **ACC Network**. Disney apparently hopes to raise ESPN's carriage fee while adding to the amount of live games it places on **ESPN+**. Charter declined to comment, and Disney did not respond by our deadline.

**Dem Sens Propose Monopolization Deterrence Bill:** Sens Amy Klobuchar (D-MN) and Richard Blumenthal (D-CT) introduced the Monopolization Deterrence Act on Friday. The bill would allow harsher penalties for companies that violate antitrust law, and allow the DOJ and FTC to seek civil penalties for offences. Under the bill, penalties could be as high as 15% of the company's total US revenue of the previous calendar year, or 30 percent of the company's total US revenue related to the unlawful conduct during the time that this conduct took place, whichever amount is greater. **Public Knowledge** approves of the bill, with *Charlotte Slaiman*, competition policy counsel writing, "adding monetary penalties as a percentage of a company's U.S. revenue could help deter anticompetitive conduct and give the antitrust enforcement agencies more leverage to promote competition in these types of cases."

**Ratings:** The Season 1 finale of **HGTV's** "Christina on the Coast," which aired July 18, pulled in a .70 L+3 rating among P25-54, a 32% increase in the demo for the Thursday 9-9:30pm timeslot over the prior six weeks. It drew in more than 12mln total viewers during the season.

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**Programming:** Showtime announced premiere dates for three of its major series. "Shameless" Season 10 returns Nov 3 at 9pm, followed immediately by the two-episode Season 2 premiere of "Kidding." "Ray Donovan" returns for Season 7 on Nov 17 at 8pm. -- **Netflix** and **WWE Studios** partnered up for a new live-action family comedy series, "The Big Show Show." The half-hour, ten-ep series stars WWE Superstar "The Big Show." -- **TV Land's** top sitcom "Younger" is being renewed for a seventh season. The show had its highest-rated season premiere ever and was up 23% in total viewership. -- Producer **Zanne Devine** inked a deal with **Disney Channels Worldwide** where she will produce movies for Disney Channel and the upcoming **Disney+** platform.

**People:** **CableLabs** named **Mariam Sorond** as the org's chief research & development officer, beginning later this month. She comes over from **DISH**, where she served as chief wireless officer and vp of technology development. -- **WarnerMedia** tapped **Giorgio Stock** as pres, WarnerMedia Entertainment Networks, distribution and advertising. EMEA and APAC, effective immediately. He previously served as president of **Turner EMEA**. -- **Discovery** upped **Robert Voltaggio** to evp, ad sales revenue and planning, effective immediately. He's been with the company since 2005 and most recently served as group svp, ad sales, revenue and planning.

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### Up Ahead

**Aug 5-7:** [CableLabs Summer Conference](#); Keystone, CO

**Sept 13-17:** [The IBC Show](#); Amsterdam

**Sept 17-28:** [33rd Annual NAMIC Conference](#); NYC

**Sept 30 - Oct 3:** [Cable-Tec Expo](#); New Orleans, LA

**Oct 14-17:** [MIPCOM](#); Cannes, France

### Research

- > Two-thirds of Millennials are worried about their personal financial information being hacked from the online / social media companies they use.
- > 69% of Millennials are not okay with their online data being collected and used even if it makes online searches, advertisements and content more relevant.
- > 74% of Millennials are concerned with how tech / social media companies are using their online data and location information.

**(Source: IIA's National Privacy Poll)**

### Quotable

"We've been consistent here, which is number one. Video was a profitable product for us. Two, it does have good stickiness relative to other products, mainly broadband. So we're going to continue to invest the resources in the video product... I don't think we share some of the comments that you're hearing from our other peers and we've been consistent that we may have somewhat of a unique footprint in the New York Tri-state area, which is a very high video bundle consumption marketplace... that remains very core to our strategy."

**– Altice USA CEO Dexter Goei in company's 2Q19 earnings call**



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