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What the Industry Reads First

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AT&T's Retrans War: Opponents Say Target is Joint Negotiations

Before CBS, before Nexstar, AT&T/DirectTV lost 20 broadcast stations from various owners, including Deerfield Media, Howard Stirk Holdings and Waitt Broadcasting. That retrans dispute resulted in AT&T filing a good faith complaint at the FCC that's currently winding its way through the regulatory process. The nine broadcasters at the heart of the complaint call it a waste of Commission resources and an attempt to achieve a blanket prohibition on joint retrans negotiations. The blackouts in 20 cities started May 30 (except for three that began June 10) and continue today. In June, AT&T filed the FCC [complaint](#), claiming that the nine different broadcast station owners, each seemingly in a shared services agreement with Sinclair, failed to negotiate in good faith by refusing to engage in any negotiations before nearly all their stations went dark. The FCC has adopted a list of nine practices it considers a per se breach of the duty of good faith in retrans negotiations, and it considers other allegations of bad faith practices under a "totality of the circumstances" standard. "Complainants advance a host of uncorroborated and irrelevant grievances against third parties in a desperate effort to satisfy the 'totality of the circumstances' test," the broadcasters told the FCC last week. "None of these allegations changes the basic fact that the Commission has declined to prohibit joint negotiations among broadcast stations in different geographic markets, or supports an interpretation of the 'totality of the circumstances' test that would achieve the same prohibition by different means." AT&T didn't stop at filing a complaint at the FCC. It also filed a [lawsuit](#) in federal court against retrans consulting firm Max Retrans, claiming it has violated a 2016 non-disclosure agreement by disclosing AT&T's confidential rates and contract terms with clients other than the specific station group engaged in a specific negotiation. The broadcast groups argue that AT&T's FCC retrans complaint is primarily aimed at Max Retrans, which isn't a party to the complaint. And they argue that Sinclair was named in the complaint as a way to garner media attention since AT&T doesn't seek any relief related to the large broadcast operator. Citing the ongoing blackout of 120 Nexstar stations and the recently resolved CBS blackout, the station owners suggest AT&T is trying to "isolate broadcasters and manufacture controversy while they lobby Congress to renew STELAR on more favorable terms." Meanwhile, Max Retrans, which counts former Nexstar COO Duane Lammers as principal, has asked the US District Court for the Eastern District of Moto dismiss AT&T's breach of contract complaint.

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The motion makes a similar claim that this is an attempt by AT&T to outlaw joint negotiations, even after regulators have failed to do so. The heavily redacted court filing also claims the non-disclosure agreement wasn't breached.

Another Day, Still No Deal: Rumors had been swirling that the news of a **CBS/Viacom** merger would finally break on Monday. But there was still no news from the two media giants after the closing bell. The *WSJ* is reporting the two companies are in the final stages of negotiations and are still working out the details, including the stock exchange ratio for the transaction, but it's been narrowed down to a range of between 0.59 and 0.60 CBS share for each Viacom share. This would value Viacom slightly below its Friday market value, which was about \$12bln. It means CBS shareholders would own more of the combined company than Viacom holders. Viacom CEO *Bob Bakish* is expected to run the new company, with *Joe Ianniello* (pres and acting CEO of CBS) running CBS and acting as Bakish's No 2. Both CBS and Viacom stock dipped after no deal news, with CBS closing down 1.76% to \$48.04 and Viacom falling nearly 5% to \$28.53.

Usage-Based Billing Works for Cable ONE: A lot is made about **Cable ONE's** strategy of focusing on broadband and de-emphasizing video. But sometimes lost in the headlines is that Cable ONE, which is process of rebranding as **Sparklight**, charges residential HSD customers for the data used. Until January, its standard service was 100Mbps with 300GB of data for \$55. But when it rolled out a new pricing structure this year, its \$65/month 200Mbps plan with 600GB of data became the flagship internet offering. For \$80/month, customers get 300Mbps (900GB). More than 10% of customers are upgrading their plans to unlimited data for an additional \$40/month, according to CEO *Julie Laulis*, who spoke Monday at KeyBanc Capital Markets Technology Leadership Forum. She said the new pricing structure is popular with customers, who are given the control of picking not only their speed, but their data. Previously, customers using more than 300GB, received a notice. After three notices in a 12-month period, they were automatically upgraded to the next highest plan. "Our churn is the lowest it's been since we spun out (in July 2015)," she said. The company is in the process of migrating the **NewWave** customers it acquired in 2017 to usage-based billing. It'll continue to do that through the end of the year, with Laulis predicting the migration will greatly help ARPU.

Pay-TV Sees Big Losses: Major pay-TV providers (about 93% of the market) lost about 1.53mln subs in 2Q19, according to data from **Leichtman Research Group**. This compares to a pro forma net loss of about 420K subs in 2Q18. Satellite TV services lost about 855K subs in 2Q, compared to a net loss of about 480K in 2Q18. Cable losses were also up, with the top seven cable companies losing 455K subs, up from 275K. **DirecTV** had record net losses (778K) for a fifth consecutive quarter, and **DISH** had fewer net losses (79K) in any quarter since 4Q 2014. Cable saw more net losses than any quarter since 2Q14. **Comcast** had a net loss of 224K subs, followed by **Charter** with 141K and **Cox** with 40K.

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Internet is Energy Efficient: Almost all (99.6%) internet modems, routers and other equipment purchased in 2018 for US residential broadband subs met the voluntary energy efficiency standards. The standards were part of a 2015 agreement led by **NCTA** and **CTA** that includes all major US broadband ISPs and retailers of small network equipment. According to a report from **D+R International**, all signatories fulfilled their commitment that 90% of their new devices would meet the agreement's energy efficiency levels. Signatories of the agreement cover more than 87mln US homes, nearly 90% of the US internet market. The voluntary agreement commits signatories to meet more rigorous "Tier 2" energy efficiency levels by 2020, and D+R found 97.5% of devices already met these levels in 2018, two years ahead of schedule.

FCC Partially Grants Pole Attachment Complaint: The **FCC** Enforcement Bureau partially granted a pole attachment complaint against **PPL Electric Utilities**. Pennsylvania telecom and broadband provider **MAW Communications** filed the complaint, alleging PPL wrongly refused to accept or process its attachment applications. The Bureau ordered PPL to immediately respond to the applications, declaring it violated FCC rules by denying access to its poles for reasons other than insufficient capacity, safety, reliability or generally applicable engineering standards. PPL didn't process the applications because of MAW's refusal to pay for 2016 invoices for survey and engineering work performed for it, according to the FCC. These two have a long history that has played out in the courts. The Enforcement Bureau denied MAW's requests for denial-of-access relief, saying they potentially conflict with terms of a 2018 court order, and it also rejected its requests concerning rates and terms.

Book Those Reservations atop Comcast Center: The Four Seasons Hotel at Comcast Center celebrated its opening day Monday. Located between the **Comcast** building's 48th and 60th floors, all guest rooms and suites offer the X1 video experience, natch. We found rates for this week starting at \$625 a night and going up to \$1700 for an 800 sq ft Skyline Corner Suite. If you're a real big baller, there's the 2137 square foot presidential suite that goes for about \$9500/night and includes two corner views featuring City Hall and Ben Franklin Parkway. But we're told it's not available until sometime next month. The skyscraper, which primarily houses Comcast employees, is the tallest building in Philly and the 10th-tallest building in the US.

FCC's on the Fraud Case: The **FCC** made good on its February order to create a new fraud division within the Enforcement Bureau. *Rakesh Patel* is heading up the new division. "This new Fraud Division will play a key role in leading our efforts to get rid of waste, fraud, and abuse in the Universal Service Fund," FCC chmn *Ajit Pai* said.

Tribeca Ready for TV: The third annual Tribeca TV festival kicks off Sept 12 in NYC, and the fest released a slew of programming news. Some highlights include **BET+**'s premiere of "First Wives Club," the **EPIX** premiere of "Godfather of Harlem" and the ending of **Amazon's** "Transparent." The four-day festival will also have a celebration of the 25th anniversary of "Friends" and the Season 3 premiere of **HBO's** anthology series "Room 104."

Mediacom Leans Into Soccer: **Mediacom** and Italian pro-soccer team **ACF Fiorentina** have partnered up, making the cabler the Club's official jersey sponsor for the 2019-2020 season. It's a good fit seeing as Mediacom chmn/CEO *Rocco Commisso* also owns the team and serves as its pres.

Spectrum Symposium Ahead: **NTIA** will hold a Spectrum Policy Symposium on Sept 10 at DC's National Press Club. It will include updates on efforts to develop a National Spectrum Strategy as required by last year's presidential memo. The White House, federal agencies and the private sector have been invited to speak.

Public Affairs: **WICT** established a new fellowship for women with disabilities. The Laurel Lawson Fellowship will provide the opportunity for a woman with a disability to attend the WICT Leadership Conference with a fully-funded registration. Applications for the inaugural fellowship are due Aug 23. The conference takes place at the New York Marriott Marquis Sept 16-17.

Programming: Upcoming **WarnerMedia** streaming service **HBO Max** struck a deal with the UK's **BBC Three** for "Starstruck." The six-part comedy series stars and is written by comedian *Rose Matafeo*. -- **Univision** and digital lifestyle brand **PopSugar** have partnered up to launch a new bilingual podcast "Juntos we Shine." The 16-ep series is hosted by Univision's *Andrea Chediak* and spotlights community heroes. The first ep is now available.

People: *Steven Restivo* has left his role in corporate communications at **Comcast**, joining **United Airlines** as vp, global corporate communications. -- *Alex Damato* has joined **Wilkinson Barker Knaueras** lead policy adviser in the DC office. He most recently was legislative director to **House Communications** subcmte vice chmn *Doris Matsui* (D-CA).

CFX TECH

Building Smart Communities

Just three weeks ago, Xfinity Communities and Chicago-based rental management company Kass Management Services teamed up for the first commercial deployment of the Smart Communities platform in two MDUs. We sat down with Xfinity Communities vp, strategic initiatives Adrian Adriano to chat about the launch, the opportunity to introduce more demographics to smart devices and more.

How did conversation start surrounding building this Smart Communities platform?

As we talked with owners, developers and the property managers, the logical evolution of our services from internet with the high speeds that we have, the X1 experience that we have, the phone service... looking at the overall market and how people are living in their homes, the need for an app to control devices in the home is clear and is obvious. It's not a new concept. You can walk into any store and buy smart thermostats and leak detectors, but then you end up with 25 different apps on your phone. The idea here is to make the life of the resident easier and give them more control of those devices. But also, we have a focus here on the property manager. At the end of the day, they have to walk around every unit that is vacant and make sure that the doors are locked, that the thermostats are set to the right temperature, that the lights are off. With our app, they can do that from one device in their office... and then when a resident moves in, those controls are passed on to the resident.

And for those folks still renting instead of buying, it seems to be a good entry point to begin using these devices.

If the devices are already installed in the property and are part of the amenities that are already there for them to take advantage of, it just makes the process simpler and easier and really enhances the experience of the resident at that location.

It's an obvious draw for millennials and members of Gen Z, but does it also offer opportunities to reach an older demographic?

We work a lot with senior living communities and what we've heard is that those 55 years and older prefer to move into a unit that's already setup with WiFi. They don't have to go out and buy their own equipment or wait for a technician to come in. There's not a big generation gap when it comes to technology. Every generation has taken advantage of the advancements, maybe in a different way... Millennials may want to know and understand how it works. Elders just want it to work and make that they use it without even having to worry about how it works in the background.

How did things come together for the first launch of the Smart Communities platform a few weeks ago in Chicago?

Kass is a great partner of ours and we have a local team in Chicago that have a great presence in the market and a great relationship with Kass. When we brought the idea to them, they were very excited to partner with us and launch this. We have 50 units outfitted with smart devices. So far, the feedback has been awesome. In addition to the smart devices, we also provide internet service to those units. And we cannot forget the property manager in this. The property managers are excited because now they get the time back to take care of other things that are important in the property. It's not just the cost efficiencies, it's also the time that this property manager is saving by having these remote control devices.

Are there other smart devices that you're looking at adding to the Smart Communities platform?

"For the property manager, co-owned area cameras. So cameras in the parking lot, in the swimming pool area. Leak detectors, something that's good for both the home owner and the property manager... and when you look at the industry in general, there are so many applications that we could install." – Sara Winegardner

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