

Cablefax Daily™

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What the Industry Reads First

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Spectrum Showdown: CBA Updates C-band Proposal, Finds Wireless Allies

On the night before the **House Communications** subcmte's hearing on C-band reallocation, the **C-Band Alliance** joined with wireless operators to submit to the **FCC** a set of principles to guide the auction process while also updating its own proposal to clear 300MHz in the band via private sale. The previous proposal from the CBA would have only freed up 200MHz of C-band spectrum. **Verizon, AT&T, US Cellular, Bluegrass Cellular** and **Pine Belt Wireless** stood alongside the CBA, saying the plan would "give certainty" to all stakeholders. "While we may not agree on all facets of how this proceeding should be resolved, there is strong consensus that all potential, qualified bidders should be welcome to participate and have clarity on the rules and procedures that will govern the sales and licensing process," they said in an ex parte. "We urge the Commission to use the principles set forth below to give certainty to interested stakeholders through a swift resolution to this proceeding." The principles would call for a single auction including all proposed cleared spectrum to be divided into 20MHz blocks. They also include provisions that address fairness and transparency through a private sale, including that all auction participants be subject to the FCC's communications rules, reporting obligations and enforcement through the auction process. As for the CBA's updated plan, the first step would clear 120MHz within 18 months of an FCC order in 46 top metropolitan zones, including a 20MHz guard band. The second stage would free up the remaining spectrum within 36 months of a CBA-led auction and make it available throughout the continental US. As in its past filings, CBA is depending on the use of technologies like advanced modulation and video compression to improve the efficiency of satellite video delivery and free up spectrum. It's estimating that the implementation costs related to clearing the greater amount of spectrum are expected to fall between \$2.5-3.5bln. Despite the fresh filings, the majority of legislators at Tuesday's hearing made it clear early that they'd be casting their vote for an FCC-run public auction, especially if it meant that Congress could set aside a portion, or all, of the revenues for addressing the digital divide. "If we do nothing and tell our constituents that we gave away \$60bln to a handful of foreign satellite companies and left the folks back home high and dry, this is something the American people are never going to forget," subcmte chmn *Mike Doyle* (D-PA) said. "And no member of this committee or in the House of Representatives ever, ever talk about the need to do rural broadband deployment when this is our first and only chance to have it paid for." Those type of concerns should help the

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plan proposed by **ACA Connects**, **Charter Communications** and the **Competitive Carriers Association**. ACA Connects svp *Ross Lieberman* was on hand to speak on behalf of the plan, which would include a significant fiber buildout. “Without a fiber alternative, our members and their customers will be stuck with higher prices to use a less reliable C-band that is more prone to interference and unable to meet future demands,” Lieberman said. There’s another option on the table from **ABS Global** and other small satellite operators that has received little attention. While the group would still support a private auction run by the C-Band Alliance, the third plan would see approximately 25% of the auctions proceeds deposited directly into the US Treasury. The remaining funds would be fairly distributed amongst all C-band satellite operators with FCC authorizations to serve the US. “From our perspective, this approach gets you to 5G the fastest and in doing it in a fair and equitable way where we are recognizing all of the constituents including the US taxpayers, we minimize the potential for litigation and gives us the best chances of rolling out 5G as soon as possible,” ABS Global chmn/CEO *James Frownfelter* testified. While on paper it looks like the best of both worlds, the ABS proposal did little to quell the fears of the other witnesses. “Given that the private auction proposal is relatively unprecedented... I don’t know what sort of public interest protection and oversight the FCC can exercise through that process,” **Public Knowledge** policy director *Phillip Berenbroick* said. “A traditional public auction ensures there’s transparency, accountability. It accounts for competition issues... There’s no way to account for that in a private auction.”

WarnerMedia Day: At our deadline, **WarnerMedia** was still previewing its upcoming direct-to-consumer offering **HBO Max** in Burbank. No word on the price point as we went to print, but we have “May 2020” as a launch date and 10K hours of content. Why is AT&T so confident about entering the crowded streaming space? WarnerMedia CEO/AT&T pres/COO *John Stankey* said it’s because the company is the only to enter with “solid footing” in three categories: content, tech platform and marketing & distribution. On Day 1, HBO current subs will have a “frictionless opportunity” to sign up and get HBO immediately. “We expect this alone will create word-of-mouth marketing, momentum and buzz right out of the gate,” Stankey said. It’ll be available at no extra charge to 10mln AT&T customers who are current HBO subs, a stat first reported by *Reuters*. In 2021, WarnerMedia plans to roll out an AVOD version of HBO Max. “Just like cable introduced the rise of niche networks to dramatically new audiences, general entertainment streaming is the next great opportunity to aggregate and grow audience,” Stankey said, adding that scale is no longer defined by US distribution. “It’s a global game.” HBO Max originals will total 31 in 2020 (vs 38 for HBO), while Max original will jump to 50 in 2021. New series will remain weekly releases, so no binging unless it’s library content. Other big content news includes Max scoring the streaming rights to “South Park,” currently featured on **Hulu**.

Cablefax: What’s Happening... November & December

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EDITORIAL: Amy Maclean • amaclean@accessintel.com
Sara Winegardner • swinegardner@accessintel.com
Mollie Cahillane • mcahillane@accessintel.com

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NOVEMBER

Cablefax: The Magazine – November Issue Most Powerful Women

Cablefax’s annual Most Powerful Women magazine honors the female executives and media influencers whose outstanding leadership, innovation and community continues to change the industry for the better.

Holiday Programming

With unprecedented amounts of holiday programming in 2018, what are the lessons learned for 2019? We’ll look at how programmers are carving out a space in the crowded seasonal programming environment.

Get SMART

From smart homes to smart cities, Cablefax has you covered. We’ll examine the latest developments in the space and how the industry is playing a pivotal role.

DECEMBER

Augmented & Virtual Reality

Is it really happening this time? We’ll take a look at VR and AR, as well as the opportunities (and pitfalls) for distributors, programmers and vendors.

Events

Most Powerful Women Luncheon
December 5
NYC

Sony Shutting Down PlayStation Vue: Sony is shutting down its live TV streaming service **PlayStation Vue**, effective Jan 30. The service has lost money since its launch in March 2015, and just a week ago *The Information* published a report that Sony was looking for a buyer for the vMVPD. “Unfortunately, the highly competitive pay TV industry, with expensive content and network deals, has been slower to change than we expected. Because of this, we have decided to remain focused on our core gaming business,” Sony said in a blog post. “PlayStation fans can continue to access movie and TV content through the PlayStation Store on PS4 and via our partnerships with top entertainment apps.” The company last raised prices for the service in July, up \$5 across all plans, making its entry level plan cost \$49.99 a month. Sony also struck a multi-year deal at the end of Sept with the **Walt Disney Company**, which was supposed to keep several **ESPN** channels, **ABC**, **Disney Channel**, and the recently acquired **Fox** channels on the streamer for years to come.

New T-Mobile Preparing to Show Post-Merger Hand: With the **FCC** and the **DOJ** approving the merger of **T-Mobile** and **Sprint**, New T-Mobile is ready to make its first announcement of what it plans to do with its network capabilities. That’s coming on Nov 7, but, of course, whatever is announced for New T-Mobile will depend on the pair winning a case against the state AGs attempting to block the merger. The trial date is set for Dec 9. “We violently agree on all the things that are important,” T-Mobile CEO *John Legere* said during the company’s 3Q19 earnings call. “And what we’ve been able to do, as you’ve seen recently with both Colorado and Mississippi, is once you speak to these individual attorneys general about their state and the things that are important to them, they see that what they are concerned about is what we’re committed to nationally and can be tailored for them.” T-Mobile now expects the merger to close in early 2020 and Legere said the company feels “very good and confident” in the case of a settlement or continuing on to trial. Some analysts aren’t so sure how the cards will fall. “The trial will be about **DISH Network** more than it will be about Sprint/T-Mobile. Sprint may be viable on a standalone basis (at least without restructuring.) But would DISH, with no starting network, less spectrum, and a balance sheet that is even weaker than Sprint’s, be better?” **MoffettNathanson** analyst *Craig Moffett* wrote in a note. “What makes this so hard to handicap, however, is that, merits aside, neither we (nor anyone else) has seen an antitrust trial where the companies and the DOJ were on the same side.” Should the state AGs win out in their attempt to block the deal, T-Mobile has proven once again that it will be just fine. The company added 1.7mln net subscribers in the quarter, 754K of which were branded postpaid additions. Revenue for the carrier came in at \$11.1bln while postpaid churn dropped to a 0.89% low for the company, down 13 basis points YOY. Prepaid additions rose to 62K (up from 27K YOY) while prepaid churn fell 14 basis points YOY to 3.98%.

Viacom/CBS Update: **ViacomCBS** is closer to reality, with parent company **National Amusements** and its affiliate approving the \$30bln merger. The companies now expect the merger to close by early December. At closing, **CBS** will delist its Class A and Class B common stock from NYSE and will list ViacomCBS Class A and Class B common stock, including the outstanding shares of CBS Class A and Class B common stock on the NASDAQ under the tickers VIACA and VIAC.

Netflix Testing Player Control: In the last month, **Netflix** began testing additional player controls, including the ability to alter the brightness on mobile without going into settings, locking screens and finding language and audio settings more easily, and varying the speed to watch on mobile. On phones and tablets, consumers can choose from normal to slower (0.5X or 0.75X) or faster (1.25X and 1.5X). “We’ve been sensitive to creator concerns and haven’t included bigger screens, in particular TVs, in this test. We’ve also automatically corrected the pitch in the audio at faster and slower speeds. In addition, members must choose to vary the speed each time they watch something new—versus Netflix maintaining their settings based on their last choice,” said vp *Keela Robison* in a statement. Netflix says it has no plans to roll out any of the tests in the short term, and larger rollouts are dependent on feedback.

In the States: Minnesota Gov *Tim Walz* named **Mediacom** senior manager *Theresa Sunde* to a four-year term on the Governor’s Task Force on Broadband. The task force is designed to advise on policies to help ensure Minnesotan access to high-speed broadband. -- *Deborah Eblen*, vp and gm of **Atlantic Broadband**’s South Carolina region, has been named chairperson for the **South Carolina Cable Television Association** (SCCTA) for its 2019-2020 term. She’s served as treasurer and vice chair of the organization since 2016.

News Ratings Roundups: **Fox News** was once again the most-watched net in total day for the month of October, making it the 40th consecutive month. It brought in 1.46mln total viewers in total day and 2.7mln viewers in primetime. **MSNBC** came in second in total day, averaging 1.14mln viewers ahead of **CNN**’s 774K. In primetime, MSNBC again came in second with 1.961mln viewers, and CNN with 1.245mln. CNN may be in third, but it saw the biggest increase in prime viewers for October (+34%). Fox is down 5% and MSNBC is up 25%.

People: **DISH** board pres *Charles Lillis* will retire at the end of his term following the 2020 shareholders meeting. *Joseph Proietti* was named as an independent board member. He is the founder of investment firm **BNP**.