

Cablefax Daily™

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What the Industry Reads First

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Clarification Please: NCTA Worried LFA Loss Creates Confusion

While localities continue to fight the FCC's local franchise order in the courts, NCTA wants some further clarification from the federal agency. Earlier this month, the FCC's Media Bureau denied a motion from the National League of Cities and a group of local government associations that sought a stay of the FCC's August order determining that in-kind services required of cable operators by local franchise authorities (such as free cable services to government buildings) would be counted towards a 5% franchise fee cap. However, NCTA is concerned that the Bureau's order denying the stay creates the potential for misinterpretation that existing franchise agreements with such in-kind service not counting toward the cap aren't unlawful and can remain in effect "unless and until" a cable operator successfully challenges them in court. NCTA says such interpretations are already happening. "Counsel for one group of franchising authorities has issued guidance noting that, while the denial of the stay was not unexpected, 'what was unexpected and welcome news, were some very beneficial explanations of how to implement the Cable Franchise Order,'" NCTA wrote in its petition, referencing a blog post from Best Best & Krieger. The law firm advised that the denial order makes it "clear" that before taking the fair market value of such in-kind benefits, cable operators must ask for an amendment to the franchise and negotiate for up to 120 days before offsetting the franchise fees. The firm also said the burden to prove the existing franchise violates the Cable Franchise order falls on the cable operator. NATOA has published similar guidelines, calling the denial of stay order a "partial victory." NCTA wants the Bureau to strike language from paragraph 21 of the Stay Denial Order, which read: "[t]he rules in the Order did not supersede provisions in existing franchise agreements on their effective date (September 26, 2019)," and "[i]f negotiations fail, the terms in the franchise remain in effect unless and until a cable operator challenges those terms and proves that the terms violate the Order's requirements." The FCC Media Bureau issued a notice this week seeking comment on NCTA's petition. Initial comments are due Dec 6, with replies due Dec 13. As for the federal courts, As for the petitions to review the FCC LFA order in federal court, the next step is for the 9th Circuit to act on the FCC's motion to transfer the case to the 6th Circuit.

STELAR Still in Markup: At our deadline Tuesday, the House Commerce committee was still in the process of marking up 18 bills, including the TV Viewer Protection Act that would extend the STELAR satellite distant signal license by

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five years, extend good faith retrans negotiating provisions to collective buying groups (like **NCTC**) and require greater bill/advertising transparency on price. Ranking member *Greg Walden* (R-OR) began the hearing by saying he's not sure STELAR needs reauthorization, though he added he's willing to stay at the table and discuss it. Rep *Anna Eshoo* (D-CA) said she was disappointed there hasn't been agreement on a manager's amendment, but was still hopeful.

Reax After Pai Announces FCC C-band Auction: Just 24 hours after **FCC** chmn *Ajit Pai* announced his support for an FCC-led auction of the C-band rather than a private sale organized by the **C-Band Alliance**, **Comcast** submitted a letter to the record voicing its support for the decision. "The clock has run out on seriously considering CBA's approach," Comcast said. "It is now time for the Commission to rely on its licensing and technical expertise to adopt a legally sound, time-tested system of competitive bidding that balances the interests of the many stakeholders involved through a transparent, public process." Comcast also offered up suggestions on how the Commission could move to sell the spectrum (via incentive auction or, after incumbent license modification, traditional auction) and asked it to protect C-band users utilizing it to distribute video. Pai and the staff will have to work extremely quickly to pull an item together in time for the Commission's early 2020 open meetings, but **New Street** believes he has the votes to get it to pass. "We suspect Commissioner *Starks* (and potentially *Rosenworcel*) will be on board as Starks already endorsed an FCC auction and praised Pai's new direction. Commissioner O'Rielly will be highly critical internally, as he has been a consistent and strong advocate for all the iterations of CBA's plan, but we believe this is a situation in which Pai will not depend on his vote," New Street said in a note. As for commish *Brendan Carr*, the analysts suspect he'll support whatever Pai proposes. Thus far, CBA supporters like **Verizon** have not given any sign as to if they support Pai's plan or the 5G Spectrum Act introduced by Sens *Roger Wicker* (R-MS) and *John Thune* (R-SD), and there are major questions as to how the CBA will proceed now that Pai has decided against a private sale. "Its statement said it intended to work with the FCC on 'an effective alternative plan' though it also noted that 'the full cooperation of the satellite operators will be required to ensure the successful clearing of the C-Band...'" New Street said. "There are ways to provide more funds to CBA members than just direct relocation expenses, but it is unclear if the current proposal can be structured in a way that would be acceptable to them."

MoffettNathanson Downgrades AT&T to 'Sell': Though **AT&T** satisfied many of activist investor **Elliott Management's** concerns regarding the company's future with its guidance and plans for the next three years, the projections didn't impress everyone. **MoffettNathanson**, questioning how the company will meet its growth target of 1-2% in 2020, downgraded the stock to "Sell" and assigned it a \$30 target price. "Let's leave aside for a moment that all signs point

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

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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**

to the wireless industry getting more competitive; the real problem is with everything else,” MoffettNathanson wrote. “‘Everything else’ is 60% of revenues. Wireless will have to do an awful lot of heavy lifting.” Looking at the entertainment group, MoffettNathanson said AT&T will start 2020 with at least with at least 15% fewer subscribers YOY and video revenues are set to start the year down in the high singles. The broadband business tells a similar story with ARPU growth at the start of 2020 falling between 3-4%. “Their fiber to the home build will help ARPU, but up to now, it hasn’t helped subscribership at all,” MoffettNathanson wrote. “The Entertainment Group, in short, is a cancer.” Amidst all of this, WarnerMedia will be preparing to launch streamer **HBO Max**. “Add all of that up and 60% of revenues are likely to be down mid-singles,” the analysts wrote. “Can wireless, which represents just 40% of revenues, grow roughly ten times faster in 2020 than it has in 2019? In a wireless market that is very likely getting more competitive?”

FCC Explores Suicide Prevention Hotline: FCC chmn *Ajit Pai* proposed Tuesday to begin a rulemaking that would establish 988 as a nationwide suicide prevention and mental health hotline. The order would also require that all phone companies transmit all calls to 988 to the National Suicide Prevention Lifeline. “Awareness of this resource—including how memorable the number is—should make a real difference when those in dire straits want to reach for a lifeline,” Pai said at a meeting with federal agency partners and national leaders in preventing suicide prevention. The Commission will vote on the proposal at its Dec 12 public meeting.

Solomon to Lead NBC Olympics Coverage: **NBC Sports** named *Molly Solomon* ep and pres of **NBC Olympics Production** and ep of **Golf Channel**. Solomon has worked 10 prior Olympics for NBC Sports, and will now oversee all day-to-day editorial production of NBC Olympics’ coverage of the Games, as well as **Olympic Channel**. She’s held her role as ep of Golf Channel since 2012 and will remain in the position. Solomon is replacing *Jim Bell*, who stepped down unexpectedly earlier this month after 29 years with NBC. Tuesday was day one on the job, so Solomon couldn’t give specifics on what she’ll bring to the company’s Olympic coverage during an afternoon press call. NBC Olympics pres *Gary Zenkel* said that the company will take advantage of all of its linear and digital channels, including **Peacock**, in its coverage, but you shouldn’t expect any live events on the streamer. “The form of that content will be disclosed in due course. We, of course, will not change the dynamic of the Olympics relationship with the cable ecosystem,” Zenkel said.

Senators Call For Creation of a Unified 5G Strategy: Senate leaders from both sides of the aisle called on *President Trump*’s national security advisor *Robert O’Brien* to designate a senior coordinator to lead the US’s national strategy for 5G. The top Republicans and Democratic senators from the **Senate Select Committee on Intelligence**, **Senate Homeland Security**, **Senate Foreign Relations** and **Senate Armed Services** said in a letter that while progress is being made within different departments and government agencies, they’re concerned that those efforts are not being guided by a single national strategy. “In our view, the current national level approach to 5G comprises of a dispersed coalition of common concern, rather than a coordinated, interagency activity,” Sens *Mark Warner* (D-VA), *Richard Burr* (R-NC), *Ron Johnson* (R-WI), *Gary Peters* (D-MI), *Jim Risch* (R-ID), *Bob Menendez* (D-NJ), *Jim Inhofe* (R-OK) and *Jack Reed* (D-RI) wrote.

Verizon Adds Three 5G Cities: **Verizon** launched its 5G Ultra Wideband network in parts of Boston, MA; Houston, TX; and Sioux Falls, SD, Tuesday, bringing the total cities receiving its 5G mobility service to 18.

beIN Sports Launches New Streaming Platform: **beIN Sports** is launching streaming service **beIN Sports Xtra** in the US. The free English-language net will offer live sports, news, analysis and highlights. The 24/7 net is initially launching on **The Roku Channel** and will build on the net’s existing English and Spanish feed.

Ratings: It was a good college football Saturday for **ESPN**, with all four of its nets seeing audience increases in the noon window. ESPN was up 18%, **ESPN2** by 44% and **ESPNU** 25%. Alabama at Mississippi State on ESPN pulled in 2.489mln viewers. -- **Hallmark Channel**’s programming event “Countdown to Christmas” continues to rank as the No 1 on cable among HH, W25-54 and total viewers since its Oct 25 launch. The latest original movie premieres on Saturday and Sunday nights averaged 3.3mln total viewers (584K W25-54). The 10th anniversary of the event has so far reached over 35mln unduplicated total viewers.

Top Chef Eatery Heads to Comcast Center: Corporate synergy never tasted so good... **Spectra** and **Bravo** (both divisions of Comcast) are opening a Top Chef Quickfire eatery this winter in Philly’s Comcast Center. The first of these “Top Chef” eateries debuted last year at SeatGeek Stadium, home of MLS’ Chicago Fire. *The Philly Inquirer* reports the food station will have an eight-seat counter designed for interaction with a chef, a grab-and-go case and video screens showing clips from the show.