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What the Industry Reads First

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New Reforms: FSF Attendees Talk Spectrum, Retrans Policy Goals for 2020

Despite having to cancel the appearances of FCC chmn *Ajit Pai*, commish *Brendan Carr* and others, the **Free State Foundation's** Annual Telecom Policy Conference went on as expected Tuesday. FCC commish *Michael O'Rielly* still made an appearance, Pai sent a video message and despite the challenges of an election year and coronavirus, some are still optimistic that Congress can move the needle on spectrum policy within the year. **AT&T** senior evp, external and legislative affairs *Jim Cicconi* said during a panel that congressional leaders should take a hard look at freeing up more of the spectrum that is allocated for use by the federal government and any spectrum not being properly utilized by the broadcasting industry. "We can't be looking at 5G and the needs for spectrum going forward and not be examining ways of accessing, making available or somehow sharing the Defense Department's spectrum," Cicconi said. Something that has slowed down the process of freeing up more of the government's spectrum has been what Cicconi called the "revolving door at the **NTIA**." Democratic lawmakers have also shown concern over the rapid turnover at the agency, which has had four acting directors in the last three years. "They're supposed to be the lead in terms of government spectrum policy, especially policy in regard to the use of government spectrum, and we've had three years of dysfunction in that area," Cicconi said. The panelists were optimistic about the FCC's plans to hold a C-band auction by the end of the year and said Pai's proposal to incentivize incumbents in an effort to clear spectrum will set an important precedent for the future. "As these airwaves get more crowded, you do hit these scenarios where it's very tough to clear the band," **Cisco** senior director, technology and spectrum policy *Mary Brown* said. "If you don't provide incentives for the incumbents to act, you will get foot-dragging." Turning to other bands, **NCTA** evp *James Assey* said the US needs to adopt policies that respond to the needs of spectrum license holders, but also recognize the value in unlicensed spectrum. "It's easy to pose these as either/or propositions, but in reality, we need to figure out how to do both," Assey said. He pointed to the 5.9GHz and 6GHz bands as huge areas of opportunity and he believes that the 6GHz band should be made available for unlicensed use. Brown also argued for more unlicensed spectrum, saying that the lack of new unlicensed spectrum is beginning to stifle WiFi technology. "In order to keep up with the fiber speeds that AT&T and others are putting in their fixed networks, if we don't have more spectrum, then WiFi in your home and office is going to become a chokepoint," Brown said. Cicconi, on

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the other hand, believes that there's more than enough spectrum within the band to serve both the needs of incumbent licensees and unlicensed users. Cable companies like **Comcast** and **Charter** currently use the 6GHz band to deliver their services and have expressed support for unlicensed use so long as existing incumbent operations would be protected. AT&T uses the band to support backhaul for its mobile networks. Beyond spectrum, the group also discussed the need for change in retransmission consent and the regulations around broadcast stations. Cicconi would ask Congress to start by crafting legislation aimed at preventing station blackouts. "The status quo I don't think is sustainable because of the constant blackouts and certainly, beyond that, the threats of blackouts to stations," Cicconi said. "The leverage all goes one way. The broadcasters still have a geographic monopoly... it's not really a free market if they black us out and we can't contract with another broadcaster to bring in distant signals."

Expanding Broadband in Light of Covid-19: There was some talk of coronavirus at Tuesday's **Senate Appropriations** hearing on the **FCC's** FY21 budget. *Jessica Rosenworcel* said the FCC should be convening broadband providers right now to prepare for coronavirus disruption, while Democratic colleague *Geoffrey Starks* called on the agency to expedite waivers and experimental licenses to expand network capabilities, to create additional WiFi capacity by temporarily authorizing use of the 5.9Ghz band and awarding grants for upgrades in areas impacted by the coronavirus. "Everyone in the telecom sector must step up, and the time is now," he said. Starks' other suggestions included a "connectivity and economic stimulus" to expand the effectiveness of existing universal service programs. "We should consider an emergency distribution of funds to rapidly increase the number of lendable hotspots available through schools and libraries," he said. Speaking of broadband in schools, Sen *Chris Van Hollen* (D-MD) used part of the hearing to discuss his Homework Gap bill, which would use revenue from the C-band auction to establish a \$2-\$4bln Homework Gap Trust Fund administered by the FCC. Starks, Rosenworcel and *Brendan Carr* all seemed in favor of the measure at the meeting.

Senators Want RDOF Answers: A group of Senators have expressed concerns over the **FCC's** recently adopted \$20.4bln Rural Digital Opportunity Fund order. "The order as adopted, will exclude areas that are awarded funding through the US Department of Agriculture's ReConnect program and state-run broadband deployment or subsidy programs from being eligible for RDOF," wrote the Senators, led by NY Dems *Charles Schumer* and *Kirsten Gillibrand*. "This decision not only exacerbates the digital divide in communities across the country, but it also knowingly disincentivizes states from implementing their own broadband programs." The 24 senators signing want chmn *Ajit Pai* to respond by March 23 to a series of questions, including what is the date range of broadband subsidy programs encompassed by the RDOF disqualification.

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Coronavirus Cancellations: Another withdrawal for the **NAB Show**, with **Adobe** the latest to pull the plug. “While we are disappointed, the health and safety of our employees, customers and partners are always our priority,” the company said in a statement. The show, slated for April 18-22 in Vegas, is still going ahead. With confirmed cases now in Nevada, the group said it is evaluating the national and international situation carefully. “We have reached out to local public health officials, the convention center, and other partners on the ground to assess the situation and determine their increased protocols for the health and safety of Show guests,” NAB said in a statement. Meanwhile, a reunion/revival of “Positively Cable,” set for March 25 in Denver has been [postponed](#). Members of the Cable Old Timers Facebook group organized the event, promising that the show will return eventually. Upcoming short-form streaming service **Quibi** canceled a launch event in LA, originally scheduled for April 5. The streamer is still set to launch April 6. **Deutsche Bank** shifted this week’s Media conference to an audio-only event. However, many participating companies, including **Discovery**, **AMC Networks**, **Fox**, **Liberty Media**, **ViacomCBS** have canceled. **AT&T** CFO *John Stephens* was among those who still participated Tuesday. **Light Reading** postponed its Cable Next-Gen Technologies and Strategies conference, originally scheduled for next week, until sometime in August.

Wall Street Considers Covid-19: There’s been some speculation that **Netflix** could actually benefit from the coronavirus disruption as more people would stay at home and watch video. But **Needham & Co** counter that Covid-19 is actually bad for the company since its subs and revenue growth internationally would be at risk. Netflix “is a luxury at a time when paychecks from employment may have stopped,” a Needham note said. The analysts added that Netflix’s US revenue doesn’t rise with increased viewing. **Bernstein Research** said this week it expects **Disney**’s domestic parks to shut down, noting that some investors think that might be the day to start buying Disney shares on the cheap. “Rightly or wrongly, most investors we speak with believe Disney’s US parks will close. For them, ‘whether the parks will close’ is no longer the operative question. The operative question is ‘when and for how long.’ Perhaps this is overly severe, but we tend to agree,” said a Bernstein note. The firm noted that Disney’s Direct-to-Consumer is one segment that could benefit from Covid-19, but warned that it’s complicated since it’s new and hasn’t launched in most of the world. Another negative could be the ad exposure it faces for **Hulu** and **ESPN+**. The analysts expect Covid-19 to cause a dislocation to advertising demand that’s driven by supply chain and demand suppression for important categories (like travel).

New Street Research updated its stock picks for if a recession occurs. It believes **Verizon** and the towers business should see the least impact from a recession. The firm recommends avoiding media and pay TV stocks. “In prior recessions, these industries have seen sharper slowdowns in revenue growth and greater reductions to valuation multiples relative to other industries in our coverage,” they wrote. “Additionally, in the case of pay tv, we think recession risk would be worse today because there is now a viable substitute (OTT) that wasn’t present in prior recessions.”

Covid-19 Sports Update: The **NCAA** tournament is still going ahead, but Ohio Gov *Mike DeWine* is asking that no spectators other than the athletes, parents, and others essential to the game attend indoor events. Outdoor events can currently continue as scheduled. Cleveland is currently slated to host the Mid-American men’s basketball tournament beginning Thursday, and Dayton and Cleveland are both set to host the opening rounds of the NCAA tournament. The BNP Paribas Open in CA has been canceled, but **Tennis Channel** will still go forward with its plans for a live, daily studio show providing updates, reactions and context of the coronavirus’ impact on the sport. It will run from March 11-15, 1pm-2pm.

C-Band in the Hot Seat: A Senate Appropriations hearing on the **FCC**’s FY2021 budget request was largely an opportunity for chmn *John Kennedy* (R-LA) to hammer the agency over a C-band clearing plan that he doesn’t like. Kennedy has been very critical of the plan to award \$9.7bln in incentives to clear the spectrum. “I think you can get a better deal. I know you can get a better deal,” Kennedy told FCC chmn *Ajit Pai*. The senator accused the FCC of going with the plan because it was afraid there would be litigation that would hold up 5G progress if it didn’t. “You’re going to get sued,” he said. “You always get sued. This is nothing different. The issue is not whether you’re going to get sued. It’s whether they can get an injunction. They’re not going to get an injunction.” The four Commissioners testifying split down party lines, with Pai and fellow Republican *Brendan Carr* expressing their confidence in the incentive payments plan.

People: **Showtime Networks**’ evp and CFO *Adam Townsend* is leaving the company at the end of the month after 12 combined years at Showtime and **CBS**. *Michael Crotty* will take over the role, coming back to the company after serving as CFO of **The Players’ Tribune**. Crotty will also oversee **BET Networks**’ finance team. -- **Disney Channel** made several key promotions, upping *Vicki Ariyasu* (svp, educational resource group & inclusion), *Eric Bjorklund* (vp, current series), *Morgan Di Stefano* (vp, communications), *Sarah Finn* (vp, production), *Rafael Garcia* (vp, development), *Emily Hart* (svp, development), *Diane Ikemiyashiro* (vp, current series), *Khaki Jones* (svp, current series), *Claire McCabe* (vp, alternative programming), *Alyssa Sapire* (svp, original programming) and *Jermaine Turner* (vp, development).