

# Cablefax Daily™

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What the Industry Reads First

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## Now One: T-Mobile, Sprint (Finally) Close Merger

T-Mobile and Sprint celebrated April Fools Day by, no joke, finally closing the long-awaited \$26bln merger of the two companies. The two said their joined network will have 14 times more capacity in the next six years than T-Mobile alone has today, and that customers will, within a few years, have access to average 5G speeds up to eight times faster than current LTE. The closing marks the end of a nearly two-year-long quest to join the two companies. They first announced their intentions to merge in April 2018 and have since battled with authorities for the permission to do so. The New T-Mobile was able to win over the **FCC** first with commitments to cover 99% of rural Americans with 5G service at 50Mbps or higher over the next six years. It eventually settled a dispute with the **DOJ** via a consent decree that will allow **DISH** to acquire Sprint's prepaid business and enter the market as another wireless competitor. A federal district court completed its Tunney Act review Monday and gave effect to its consent decree with the joining companies as well as any separate agreements New T-Mobile and DISH reached with state governments. Those agreements came to be following a suit from state AGs that believed the deal to be anticompetitive and likely to cause consumer harm, but US District Judge *Victor Marrero* ruled in favor of the joining companies and even gave T-Mobile a pat on the back for its turnaround under CEO *John Legere*. A major hurdle for the companies seemed to be winning over the **California Public Utilities Commission**, which has jurisdiction over landline phone providers and power companies. That final obstacle was removed Monday with Sprint withdrawing its application for California PUC approval of the merger. It argued that it no longer has any landline assets left in California, meaning that the regulatory body would have no power to approve or block the pending deal. With the closing of the deal, Legere is also handing the keys over to *Mike Sievert*, effective immediately. The transition was previously slated to occur on May 1 with Legere's contract set to expire on April 30. Legere will continue to be a member of the board for the remainder of his current term through the annual shareholder meeting scheduled for June. "Mike was the first person I hired at T-Mobile and I have tremendous faith in his ability to take the Un-carrier into its next SUPERCHARGED chapter," Legere said in a statement. "Between his leadership, his expanded and talented leadership team and the amazing people at T-Mobile, the future is SO bright!" The rest of T-Mobile's executive team remains intact, although Sprint leadership will likely be integrated into the mix soon. The companies intend to maintain headquarters both

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**Advertising Deadline: April 8 | Publication Date: April 22**

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in Bellevue, WA, and in Overland Park, KA. T-Mobile is also planning to offer senior secured notes in a private offering that will be exempt from the Securities Act of 1933. T-Mobile intends to use the net proceeds of the offering to repay amounts borrowed under the bridge credit agreement it incurred in connection with its merger with Sprint. The balance, if any, will go towards general corporate purposes, including ongoing liability management.

**Dodgers TV Blackout Ends:** In good news for LA Dodgers fans, **Spectrum Networks** struck a deal with **AT&T** for **SportsNet LA**, ending a seven-year blackout for much of Southern California. The net is now available to AT&T video subscribers on **DirectTV** and **U-Verse TV** in Southern California, Las Vegas and Hawaii. **AT&T TV** and **AT&T TV NOW** subs will receive carriage beginning April 8. As for other large providers, **Comcast** doesn't serve the LA area, but **Cox** remains interested in the net. "Our interest in LA SportsNet hasn't changed: if we can get a reasonable deal that doesn't overburden our entire video customer base in the market, we'd love to carry the content. Now more than ever we're doing everything we can to keep customers connected to people and things they care about at an affordable price," a spokesperson from Cox said.

**6GHz Band, 5G on FCC's April Agenda:** A rural 5G fund and expanding the 6GHz band will both be topics of discussion during the **FCC's** April 23 open meeting, according to a blog post from chmn *Ajit Pai*. Pai has circulated a draft NPRM that would establish a 5G fund for rural America, one that would distribute up to \$9bln across the country for 5G connectivity. Phase I of the 5G fund would target at least \$8bln of support over the next 10 years to rural parts of the country unlikely to be covered by the commitments made by New **T-Mobile** as part of its **Sprint** acquisition and that the FCC anticipates would not see timely deployment of 5G service without universal service support. The FCC is seeking comment on two options for identifying areas eligible for 5G Fund support. The first would see the Commission hold an auction in 2021 by defining eligible areas based on current data, while the second would delay the Phase I auction until at least 2023, after the collection of improved mobile broadband coverage data through the Commission's Digital Opportunity Data Collection. Also on the agenda is a set of rules that would make 1200MHz of spectrum available for unlicensed use in four segments of the 6GHz band. That action would open the door for growth in connected appliances, IoT and other consumer electronics while also allowing WiFi 6 devices to operate in the band. Efforts to open the 6GHz band and allow sharing between unlicensed services have long been led by FCC commish *Michael O'Rielly*, who said he was extremely pleased to finally see the item on a meeting agenda. "Over the last few years, I have heard from entrepreneurs and innovators discussing how dramatic the impact would be of unleashing such a large unlicensed allocation with seven 160 megahertz channels," O'Rielly said in a statement. "I can't wait to see, and use, the new services and ideas brought forward because of our work

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here.” He also emphasized that it is imperative that the opening of the 6GHz band be completed by the end of 2020.

**Distribution:** Fox and Comcast struck a long-term renewal agreement for Fox’s full lineup of channels, including retrans for the Fox Television Stations to Xfinity customers. The deal covers **Fox News, Fox Business, FS1, FS2, BTN** and **Fox Deportes**, as well as VOD and TV Everywhere rights for those nets. -- **REVOLT** scored carriage with **Media-com** on its Sports & Information TV package. The hip-hop focused network founded by *Sean “Diddy” Combs* became available Wednesday across the MSO’s footprint. REVOLT, which turns seven in October, has carriage deals with **AT&T, Charter, Comcast, Verizon, CenturyLink, Altice USA** and others, including vMVPD **AT&T Now, Sling TV, fubo TV** and **Philo**. The net says it is available to 50mln+ households. -- **Newsmax** and **Hotwire** struck a distribution deal to deliver Newsmax TV to Hotwire markets throughout the southeast. The deal kicked in on Wednesday.

**Net Neutrality and Public Safety:** Some 28 senators sent a letter to the **FCC** demanding that it consider how repealing net neutrality could negatively impact public safety, universal access and broadband competition. “Without solid authority over these vital areas, the Commission has called into question its ability to carry out core Congressional mandates: namely ‘promoting safety of life and property’ and the ‘preservation and advancement of universal service,” the senators wrote in a letter to FCC chmn *Ajit Pai*. “Net neutrality rules that protect the free flow of ideas and commerce, along with the FCC’s power to ensure public safety and promote broadband access for communities throughout the country, are more important than ever.”

**McDowell Recovering:** Former **FCC** commish *Rob McDowell* tweeted Wednesday that he’s back home after a second hospitalization. “#COVID19 almost killed me last week. [Your] prayers saved my life. Thank you. I’m so #grateful.” McDowell had spent three days at the hospital battling pneumonia and what was then presumed to be COVID-19. Shortly after coming home, he returned to the hospital on March 23.

**New WarnerMedia Boss:** *Jason Kilar* has been named the CEO of **WarnerMedia**, effective May 1. Just in time for the launch of **HBO Max**. He will report to *John Stankey*, **AT&T**’s pres and COO. Kilar was previously the founding CEO of **Hulu** and svp at **Amazon**. “Stories well told have always mattered, and they matter even more in this challenging time for the world. It will be a privilege to invent, create, and serve with so many talented people. May 1st can’t get here soon enough,” Kilar said in a statement.

**MSG Board Approves Spin-Off:** **MSG** announced its board approved the proposed spin-off, with the distribution set to take place April 17. Upon completion, MSG will oversee two businesses, **MSG Sports** and entertainment company named **MSG Entertainment**. “After a number of delays, we view the press release favorably and think the current MSG share price represents a deep discount to fair value for the company’s collection of unique assets,” analysts from **Evercore** said in a research note. Evercore gave MSG a target price of \$340. MSG stock closed down 1.49% at \$208.27.

**Liquidity Protects Investment-Grade Media Credit Quality:** Amid the current COVID-19 outbreak, research from **Moody’s** found that larger, more-diversified media and telecom companies, and those with strong credit profiles and ample liquidity, will likely be able to withstand the temporary effects of the outbreak. According to Moody’s, the two drivers of near-term credit quality include management’s commitment to a financial policy that supports their credit metrics and rating (avoiding shareholder-friendly activity, more conservative approaches to M&A), and liquidity. “The lack of sufficient liquidity can bring down an otherwise fundamentally healthy business,” the report reads.

**Ratings:** **Fox News** had its highest-rated week of 2020 in total viewers, pulling in 2.644mln in total day. **CNN** followed with 1.629mln, and **MSNBC** with 1.496mln. In primetime, Fox News again came in No 2 with 4.251mln. MS-NBC saw 2.35mln and CNN 2.156mln. -- **UPtv** said it saw double-digit primetime ratings growth in Q120 vs a year ago in W25-54 (+29%) and in HH (+32%). Premiere movies on UP during Q1 rated +20% higher with W25-54 and +9% with HH vs the 2019, averaging 2mln viewers in their premiere window.

**Census Day:** Wednesday is National Census Day, and the first digital census on record. Companies across the industry are working to ensure its success, particularly in the face of the COVID-19 crisis. **Comcast NBCU** launched bilingual PSAs on Comcast, NBCUniversal and **Telemundo** stations nationwide. Xfinity is launching an X1 Census destination page which will aim to answer questions and dispel myths about the 2020 census, and customers can enter their phone numbers to receive a link to complete the census online. Comcast distributed hundreds of census partner toolkits for its Internet Essentials community partners to encourage census participation. The company also awarded grants and in-kind support to more than two dozen cities with traditionally hard-to-count communities. -- **Univision** launched the “Cuenta Conmigo” (Count with Me) campaign across all its platforms. The campaign includes PSAs to run across all nets and local news, as well as a digital campaign including a national Facebook Live.

## Think about that for a minute...

### Speed v. Capacity

Commentary by Steve Effros

I pride myself on writing things in an understandable way. I try to stay away from the confusion that often results when folks try to explain things with the language they are used to, rather than the language that others are used to reading and hearing. I often just say I'm simply trying to write things in English! I even got an award for that one time when I worked at the FCC. Imagine that; an award for writing an explanation of new rules in a way people could understand! I thought everyone was supposed to do that all the time.

Anyway, there are some things that unfortunately don't lend themselves to simple, easy explanations. Today's subject is one of those: the distinction between speed and bandwidth, or capacity, in the services we provide to customers. It's an incredibly difficult thing to explain when you get too deeply into the technicalities and verbiage of the issue, and since I like to be careful in the accuracy of what I'm writing, this one is very tough. Trying to explain "speed" versus "bandwidth" when both, in popular vernacular, use the same measuring metric, "megabits per second" makes things a total muddle.

The reason I'm raising all this now is that it's becoming increasingly clear that the issue of broadband capability to service all the extraordinary needs put upon our systems because of the coronavirus pandemic is resulting in a lot of discussion, as I noted last week, about "digital divides," adequate service, "slowdowns" and the like. That's resulting in regulators and legislators talking about new rules, regulations, or expenditures to "do something." However it's not clear at all what they think needs to be addressed.

The confusion is the use of the term speed. I had long debates with the "public interest" folks years ago about their insistence on using "speed" as the measure of



whether we were "ahead" or "behind" other countries with regard to broadband. Remember all that? South Korea, for example, was so far "ahead" of us, and we were "falling behind." The metric they used was the availability of "high speed" broadband. They therefore pushed for every new system to be built with fiber to the home. Again, the rationale was speed. Google then started building its fiber system and promoted its speed.

But speed isn't the real issue when it comes to adequately providing service to our customers. It's capacity. Or should I use the word bandwidth, or maybe throughput? The consumer press makes a big deal of the increased use of our systems and points to things like binge viewing of streaming video. But streaming video, even in 4K mode, at maximum requires less than 10Mbps of "speed." We are delivering far more to most of our customers.

The issue is how many devices are being used simultaneously, and by the way, whether the home WiFi system, often the weakest link, can handle the load. That's capacity, not speed. How many 3 or 5, 7 or at maximum 10Mbps streams are being used at the same time in the same household? How many smartphones, smart speakers and the like?

Our "last mile" systems are handling that load very well. As an industry our infrastructure was built to deal with anticipated future capacity needs. We should keep explaining that to the politicians and regulators. It's not an issue of speed. Using that measure was just for lobbying and marketing purposes. It's capacity that's important. We're well ahead of the curve on that metric.

*Steve*

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*(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)*

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