

# Cablefax Daily™

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What the Industry Reads First

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## Majority Vote: Cogeco Shareholders Not Yet on Board with Altice USA Offer

Altice USA surprised Wednesday morning with the announcement of its \$7.8bln offer for all outstanding shares of Cogeco in order to acquire Atlantic Broadband, but Cogeco may need more convincing. Ahem, perhaps in the form of a higher bid? The Audet family that controls Cogeco has made it clear it does not, at this time, intend to take Altice's offer.

"Gestion Audem Inc has already indicated that it does not intend to sell its shares and will not support the proposal," Cogeco said in a statement, referring to the company controlled by the members of the Audet family (descendants of founder Henri Audet) that hold 69% of all voting rights of Cogeco Inc. Cogeco Communications and Cogeco Inc, its parent company, confirmed that they received Altice USA's bid after close of business Tuesday, and the proposal was submitted to the corporations' boards Wednesday.

Atlantic Broadband is currently the 9th largest cable operator in the US, serving around 450K customers across 11 states. The acquisition would allow Altice USA to expand its operations on the East Coast in areas adjacent to its existing Optimum and Suddenlink footprints. New Street Research believes that should the Atlantic Broadband acquisition happen, it would be positive for Altice. "These are good, well-run assets in markets with limited competition (82% DSL overlap)," New Street said in a note. "Margins are comparable to ATUS (~45%). Penetration is comparable to ATUS too; however, given much lower fiber overlap there ought to be a much better growth opportunity at Atlantic Broadband."

Evercore ISI analysts estimate potential transaction synergies at ~\$65M, with \$20M in opex, assuming Altice could raise Atlantic broadband EBITDA margins to ATUS levels of 44% (with G&A improvements and consolidation, IT improvements, and additional programming leverage), and lower capital intensity to 13% of revenue from ABB's current 18-19%.

Part of Altice's offer is an arrangement to sell all the Canadian assets of Cogeco to Rogers Communications, Cogeco's largest long-term shareholder. With the divestiture of those Cogeco assets to Rogers, Altice USA would be set to pay \$3.6bln for the rest. Altice has shown an appetite for M&A near its footprint, picking up the adjacent

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**Service Electric Cable TV of NJ** earlier this year for \$150mln. During Altice USA's 1Q earnings call in February, CEO *Dexter Goei* acknowledged an interest in growing the company. "If [deals] are available, we pounce and try to do it very quickly. We're very much like our fellow brethren in cable, which is there are not a lot of sellers out there," he said. "When there are, they're interesting, but in terms of size, we don't see anything sizable right now."

**CBRS Auction Results:** Verizon emerged the big winner in the FCC's CBRS auction, which brought in more than \$4.5bln in net proceeds. A total of 228 bidders won more than 91.1% of the more than 20K available licenses. Verizon paid \$1.89bln for 557 licenses, and it is expected to use those to boost capacity in its 4G and 5G networks. In second place came **DISH**, which purchased 5492 licenses for nearly \$913mln. That number was a bit surprising to folks at **New Street Research**, who expected DISH to preserve some funds for the C-band auction in December. Rounding out the top 5 were **Comcast**, **Charter** and **Cox**, who bid more than \$464mln, \$458mln and \$212mln, respectively. Comcast received 830 licenses for its efforts, Charter won 210 and Cox scored 470. Cable's strong participation in the auction indicates that there is an interest in building their own wireless assets rather than relying on MVNO agreements with the top cellular providers. Other notable winners in the auction include **Cable One**, **Shentel**, **Windstream**, **Watch Communications** and **US Cellular**.

**NAB Says No to ATSC 3.0 Regulations:** NAB is again asking the FCC not to pay attention to cable's attempts to bring heightened regulatory mandates against broadcasters taking advantage of the ATSC 3.0 transmission standard. In reply comments filed Monday, NAB fought back against what it called cable's "third bite at the apple" to impose unnecessary burdens on broadcasters in an attempt to stifle competition. In its filing, **NCTA** argued that new broadcast internet services powered by ATSC 3.0 should be subject to the same rules as traditional broadcast television licensees. NAB claims that there is no basis for the raising of those ancillary fees. "While they cloak their arguments in the guise of policy, their motive is plain—they wish to saddle innovative new services with higher regulatory fees to stifle potential competition for the broadband services their members currently provide," NAB said. The association also opposed NCTA's proposal to place a new HD mandate on broadcasters and one that would block broadcasters from including broadcast internet services in its retransmission consent negotiations.

**Presidential Debates:** When cable operators launched **C-SPAN** 41 years ago as a public service, they likely never even thought about one of the net's anchors moderating a presidential debate. Longtime political editor *Steve Scully* will moderate the Oct 15 "town hall" style debate between *Donald Trump* and *Joe Biden*, a fitting setting for the man familiar as the host to call-in show "Washington Journal." Scully was a backup moderator four

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years ago, but this is his first time to suit up for the main stage. “It is indeed an honor to be asked to moderate one of the three presidential debates of the 2020 campaign. It is also an important responsibility,” he said. “The questions will come from undecided voters selected by the Gallup Organization and from social media. My focus is to effectively facilitate this important conversation between voters and the candidates.” The Commission on Presidential Debates has tapped **Fox News’** Chris Wallace for the Sept 29 debate and **NBC News’** Kristen Welker for the Oct 22 debate. Wallace hosted a presidential debate in 2016, but this is the first for Welker, who is co-anchor of “Weekend Today” and a White House correspondent.

**Verizon and DISH Partner for Addressable Advertising:** Verizon Media and DISH teamed up for an advanced TV partnership to automate addressable advertising. Verizon will use its DSP to provide automated access to DISH’s household addressable ad inventory, allowing advertisers to access traditional linear channels alongside CTV/OTT media. With DISH’s 7mln households, Verizon Media’s DSP will now enable advertisers to buy relevant household addressable ads programmatically across nearly 11mln households. DISH inventory will be available by early 4Q.

**FCC Considering BarrierFree Fine:** The FCC proposed a nearly \$164K fine against ISP BarrierFree Wednesday, alleging that the provider reported inaccurate information that significantly inflated its broadband subscriber numbers. The company also allegedly failed to file required deployment data and either failed to respond or made false statements to Commission investigators. In a revised March 2018 filing and in its Sept 2019 and March 2020 filings, BarrierFree apparently reported having vastly more broadband subscribers than there were housing units in the Suffolk County, New York census tracts where it reported providing service. The company also failed to submit its March 2019 Form 477 filing and did not provide accurate responses to the letters of inquiry issued by the FCC’s Enforcement Bureau during its investigation. BarrierFree will be given an opportunity to respond, and the Commission will consider the party’s submission of evidence and legal arguments before acting further to resolve the matter.

**Distribution:** Estrella Media and fuboTV entered into a deal to bring the former’s national EstrellaTV channel and its flagship television station LA KRCA-62 to fubo’s Latino package in the US. -- HITN TV’s HITN Go app is now available to AT&T TV and DirecTV subscribers. The app is also available on Android, iOS, Roku and Apple TV. -- Non-profit broadcast streaming service Locast launched in Detroit, its 23rd market. The service is now available for free in the Detroit and Ann Arbor TV market, bringing its total to more than 1.5mln users.

**Nexstar Expands Share Repurpose:** Nexstar Media’s board approved an expansion of the company’s share repurchase authorization for up to an additional \$300mln of repurchases of its Class A common stock. This brings the total capacity to approx \$384.2mln.

**Doing Good:** beIN Sports’ “beONE” campaign reached more than 22mln sports fans this spring. The campaign was launched during the COVID-19 pandemic supporting the WHO’s #HealthyatHome initiative. The company created a variety of new digital programming and activities in order to build community and give sports fans entertainment options from home.

**TIS 2020:** The virtual schedule for NCTC and ACA Connect’s Independent Show (Sept 29-Oct 1) is coming together. Guest speakers include FCC commissioner Jessica Rosenworcel, economic forecaster (and former CNBC chief economist) Marci Rosell and political analyst Ron Brownstein.

**Programming:** HBO will premiere “How To with John Wilson” Oct 23 at 11pm. The six-episode docu-comedy series will also be available to stream on HBO Max. -- Spectrum teamed up with reggaeton superstar Ozuna for a concert on Saturday at 8pm. The exclusive event will be streamed on Facebook, streamed simultaneously on the Spectrum Latino Facebook page and Ozuna’s Facebook page. The pre-recorded show will also be available on the Spectrum Latino YouTube channel. -- “Tyler Perry’s Sistas” returns with back-to-back episodes on Oct 14 at 9pm on BET and BET Her. The series is the No 1 new scripted cable series for Black people 18-49 and 25-54. -- Bravo’s “The Real Housewives of Orange County” premieres Oct 7 at 9pm. Season 15 documents the housewives’ lives from February to August 2020, including life before and during the pandemic. -- Discovery Channel will air a new motor special “Kaplan America” on Sept 9 at 10pm. The special follows Ken Kaplan and his son working to restore and sell five bikes in a week while tracking down three stolen bikes. -- Season 2 of “The Mandalorian” comes to Disney+ Oct 30. The season had already finished filming before the coronavirus shutdown, and work is underway on Season 3.

**People:** Allen Media Group promoted Melody Smalls to the new position of evp, global human resources. She previously held the title of chief human resources and compliance officer & vp/head of human resources at The Weather Channel/Weather Group since 2016. In her new role, she will now oversee HR for all Allen Media Group divisions.

## THE WORK CULTURE LIST PROFILE:

### PARENT FRIENDLY AMC Networks

Families, health and money are just some of the stressors that can impact employee performance and well-being. So rather than scolding employees for letting personal problems leech into the workplace, AMC Networks has made it a point to listen to employees and use their feedback to get out front with a broad array of support and coaching services.

Exhibits A, B and C: AMC has removed a common “one year of trying” rule imposed by some insurers regarding in-vitro fertilization, a boon to both heterosexual and same-sex couples. A newer AMC initiative, Rethink, provides 24/7 access to coaching and resources for families with a child with ongoing challenges or a developmental disability. And AMC offers backup child-care (in-home and external), as well as resources for in-home elder care.

“Our senior leaders have always asked us to stay ahead of the curve, and expect us to know what new benefits and programs are out there and pitch them to them,” says Gina Florio, AMC Networks’ benefits director. Company executives know that Florio and her HR colleagues are regularly privy to lots of personal information about employees. “That allows us to constantly switch up our suite of benefits to enhance what is already in place to make them family friendlier,” she added.

In tandem, AMC has embraced the employee resource group (ERG) model where the company provides a structural template and organizational support, but otherwise relies on employees to float up ideas across a variety of interests and needs.

There are nine ERGs at AMC, including groups for Latinx employees, women employees, LGBTQIA+ employees, employees with disabilities, and parent and caregiver employees.

“We’ve had a very close relationship with Gina and the benefits team to make sure that all the great stuff we offer to employees is clear and easily accessible,” says Dina Anchelowitz, WE tv director, creative production, consumer marketing and brand.



As co-chair of the caregivers ERG, Anchelowitz has witnessed real change around the office.” A cool recent example of this is work we did with our facilities team to help enhance our new mothers rooms and wellness rooms that are available to staff,” she says.

Florio points to AMC’s Rethink initiative for kids with specific challenges as a program that “came organically from listening to the needs of our employees and hearing from them the kinds of challenges they were facing, and explore how we could we fill in any gaps.”

Rethink emerged from discussions that began between two ERGs – Anchelowitz’s caregiver group and another dedicated to people with visible and invisible disabilities.

“We evaluated a number of different options and ultimately decided on Rethink because we thought it provided the most support to our employees at a totally reasonable cost to the company,” Florio says. While Rethink is less than six months old, the response has already been overwhelmingly positive. And it’s part of a positive feedback loop AMC wants to sustain.

“I’m excited to keep hearing what everyone thinks and how it’s helping them in their day-to-day lives,” Florio said.

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## Think about that for a minute...

### Simplicity

Commentary by Steve Effros

Whenever I write about this subject; consumer electronics, program navigation and the like, I'm reminded of the all-too-accurate lament of my lovely wife, Lucia. Many years ago, when digital volume toggle switches with "+" or "-" started appearing on televisions, radios and all other manner of devices, she'd ask; "what's wrong with a simple knob? Turn it clockwise, the volume goes up, turn it counterclockwise, the volume goes down. Seems to work perfectly well to me!" She was right.

We all had to learn whether the particular device we were trying to adjust required you to hold down the "+" button to make things louder or whether there were incremental volume increases and you had to continually tap it. That's still the case today! Thus started the "Lucia Test," which I have mentioned on many occasions during the years. If the "new" technology is not simple enough to pass the "Lucia Test" then I know something's wrong.

There's something wrong with streaming. It's not that it doesn't work, it does, most of the time. That is if you don't mind the occasional sudden stop in the middle of the movie while the little circle goes 'round and 'round while something is "buffering," whatever that really means. But I do mind. And it happens too often! So I've been trying to figure out why, and I'm failing miserably.

Is it my ISP? Well, unlikely. Cox delivers high speed broadband to me pretty consistently. Is it my very high end OLED television set? Well, since there has been some suggestion in the blogs that my 2017/2018 set had particular buffering problems because it couldn't quickly process the new HDR/Ultra 4K stuff, I got a Chromecast dongle that has the highest, fastest, newest process-



ing capability. There's still a problem with the movie Avatar (my test movie) on some nights. Is it Disney+, whose servers just may not be able to process all the folks watching their movies fast enough? I have no idea, nor have I done a scientific study to see if there are problems on non-weekend nights or whether there is a dropout on the speed of broadband delivery when I see the buffering take place and freeze my screen.

Nope, don't have to, because my other tests with FireTV + and Roku and now Chromecast have all come up short on the "user friendliness" issues. I watch Lucia trying to navigate them and getting totally frustrated with having to move from one menu to another and down grids to finally get to where she wants to go. It's just not worth it. I've opted for simplicity; the Cox Contour system (i.e. Comcast's X1) works flawlessly. It's easy. You can jump to the channel you're used to watching without having to go through all sorts of screens, there's no buffering, and, yes, it's more expensive. But peaceful, simple, don't-have-to-keep-explaining-it technology is going to win every time.

We have that at the moment and should be telling folks. There are better competitors coming. Particularly, I suspect, a new effort by Google to relaunch "Android TV" or whatever they're going to call it. This time with a necessary remote control rather than forcing you to fish your phone out of your pocket any time you want to pause the show for a bathroom break! And I'm sure they will eventually aggregate all the search information, as Comcast/Cox, have so that a voice command actually finds the programs across platforms. But for now, we've got a winner.

*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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