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What the Industry Reads First

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5G First: The Road to the C-band Auction

(The following article is Volume 4 of the 13-part Broadband Game-Changer Series, brought you by Adara Technologies)

It's been over two years since the **FCC** voted to open the lower 300MHz of the C-band for 5G, and we're now less than two months away from seeing the Dec 8 start of an auction that promises to generate a significant amount of revenue. Analysts at **Morgan Stanley Research** recently raised their C-band mid-point auction forecasts to approximately \$26bln in proceeds, with high-end estimates clocking in at \$35.2bln.

Mobile operators have long desired the C-band, a wide swath of spectrum ranging from 3.7-4.2GHz, due to its propagation capabilities. Until now, it has been used by satellite operators to deliver video and other content. The FCC has offered a lump sum payment to MVPDs using the band for video delivery that are choosing to handle their own transition responsibilities or transition to other technologies.

It is no surprise that programmers and operators alike had plenty of questions on how the transition would occur, how service disruptions will be prevented and how incumbent earth station operators would be compensated for their own C-band relocation expenses.

ACA Connects asked the Commission in July to include the costs of integrated receiver/decoders in that lump sum as that would allow MVPDs to replace their existing earth stations with fiber-based alternatives more easily. The Wireless Telecommunications Bureau refused, which led the association to ask the **DC Circuit** to review the FCC's decision and for a stay the deadline for incumbent earth station operators to elect to receive the lump-sum payment.

The DC Circuit denied the order in September, but ACA Connects said it is considering its options going forward and has continued to offer its members resources on the C-band reclamation process.

As for the current happenings at the Commission, the FCC is allowing eligible C-band satellite operators to modify their transition plans, which were due to be filed by Aug 14.

"Because final Transition Plans were due a month before incumbent earth station operators made their lump sum elections, eligible space station operators did not know which earth station operators would elect the lump sum and assume responsibility for transitioning their own earth station," the FCC said in a public notice. "Therefore, now that incumbent earth station operators have made their lump-sum elections, we expect that eligible earth station operators will need to modify their Transition Plans to remove the incumbent earth stations for which the space station operators are no longer responsible for transitioning as a result of the lump sum elections." Satellite operators have until Oct 28 to make those modifications, after which time the Commission will post an updated list of incumbent earth stations.

Many operators have already struck deals with manufacturers to build C-band replacement satellites. For example,

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Boeing is building two C-band replacement satellites for **SES**, **Maxar** is building five for **Intelsat** and **Northrop Grumman** is building two C-band replacement satellites for **Intelsat** and two for **SES**. **SES** and **Intelsat** are a few of the satellite operators that promised to clear 100MHz of spectrum by Dec 5, 2021, and the remaining 200 MHz by Dec 5, 2023, to receive incentive payments from the FCC. Those satellite manufacturers said during the Satellite Innovation 2020 conference earlier this month that while they're still on track to launch the new satellites in time, they've faced challenges as a result of the COVID-19 pandemic.


When the day finally arrives, who can folks expect to see participating? The FCC released the initial list of bidders, and cable folks have shown up. **Comcast** and **Charter** are bidding through a 50/50 joint venture while **Cox** and **Altice USA** are both bidding independently. "Given that cable MSOs generally don't have geographically overlapping territories, there's a logic to bidding together, as the individual providers aren't likely to compete with each other for geographically-based spectrum licenses," **Evercore ISI** said in a Tuesday note.

All of the traditional wireless players are participating in the auction as well. **Verizon** has been predicted by analysts to be the most aggressive bidder in the auction, and **New Street Research** expects **T-Mobile** to acquire 60MHz of C-band spectrum in the auction. **AT&T** has also long been seen as an operator that needs to participate in the auction in order to stay competitive, but the one thing that could prevent that from happening is its own balance sheet.

"AT&T needs more mid-band spectrum to keep pace in 5G with T-Mobile and Verizon," **MoffettNathanson** said in a recent note. "We won't go as far to say that AT&T can't meaningfully participate in the C-Band auction given the state of their balance sheet, but, well... it will be hard if they can't find something to sell. In fact, it will be hard even if they can find something to sell. It simply isn't clear where AT&T will find the borrowing capacity to buy a competitive-sized block of spectrum."

New Street recently estimated that AT&T has approximately \$6bln available to commit to the C-band auction, but the firm believes AT&T should offer up double that amount. "AT&T will either need to monetize an additional \$6 billion in assets or else delay its de-leveraging target beyond 2022," New Street said.

DISH is also on the Commission's preliminary list, despite DISH chmn *Charlie Ergen* saying during the company's 2Q20 earnings call that the company would be challenged from a balance sheet perspective if it wanted to join in the fight. It makes sense that DISH would want a piece of the C-band spectrum pie as it gears up to launch its own wireless network. New Street Research believes the other auction participants shouldn't underestimate DISH's determination. "Moreover, we don't think they will be bidding just to drive up prices and annoy the other market partici-



The image shows the cover of Cablefax Diversity magazine. The cover features the title 'Cablefax THE MAGAZINE' at the top, with the subtitle 'Innovation > Leadership > The Cable Community'. Below this, the word 'DIVERSITY' is written in large, colorful, stylized letters. At the bottom of the cover, there are three circular icons labeled 'THE LEADERS', 'EXEC OF THE YEAR', and 'THE INFLUENTIALS'. The background of the cover is a vibrant, multi-colored gradient.

CONGRATULATIONS TO ALL THE HONOREES!

This year more than ever, Cablefax is proud to continue our longstanding recognition of the top multi-ethnic industry executives, based on their accomplishments and influence.

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pants; we think they will be bidding to win,” the firm said in a note.

Cogeco Again Strikes Down Altice USA, Rogers Offer: Cogeco announced Tuesday that its board has unani-
mously rejected the revised proposal from Altice USA and Rogers Communications to acquire 100% of the
issued and outstanding shares of the company. The boards of both Cogeco and Cogeco Communications met to re-
view the offers, and the Audet family, which holds 69% of all Cogeco voting rights, confirmed that it would not accept
the offer. “Since this is apparently not registering with Rogers and Altice, we repeat today that this is not a negotiat-
ing strategy, but a definitive refusal. We are not interested in selling our shares,” Louis Audet, Gestion Auden pres,
said in a statement.

Netflix Earnings: Netflix reported 195.15mln global subscribers as of Sept 30 in its 3Q20 earnings report, up from
192.95mln in the previous quarter. That 2.2mln increase fell short of the company’s own prediction of a 2.6mln
gain. Netflix said in its letter to shareholders that slowdown in growth was largely expected, and while the company
expects the first two quarters of 2021 to be down YOY, there’s no need to worry. “The state of the pandemic and its
impact continues to make projections very uncertain, but as the world hopefully recovers in 2021, we would expect
that our growth will revert back to levels similar to pre-COVID,” Netflix said. The streamer also reported revenues of
\$6.4bln.

ViacomCBS Streaming Shakeup: As ViacomCBS prepares to rebrand CBS All Access to Paramount+, the
company announced a major reshuffling in its streaming operations. Current Pluto TV CEO Tom Ryan will now take
on the role of pres/CEO, ViacomCBS Streaming, overseeing all of CBS All Access and Pluto TV. Marc DeBevoise
is stepping down as ViacomCBS chief digital officer and pres/CEO of ViacomCBS Digital. He’ll serve in an advisory
capacity for the remainder of the year. Kelly Day, current COO, ViacomCBS Networks International is taking on an
expanded role of pres of streaming, VCNI, overseeing all digital and streaming platforms outside the US in addi-
tion to her current COO duties. Additionally, JC Acosta, who currently oversees VCNI’s operations in Latin American
and North America as pres of VCN Americas, will also take on the title of pres, ViacomCBS International Studios.
Pierluigi Gazzolo is stepping down from his role as pres, streaming and studios, VCNI, at the end of this month to
pursue other interests. The company said the new leadership structure will ensure a more holistic approach across
its streaming platforms and more closely align the company’s streaming initiatives globally.

AT&T Brings Video to GM: AT&T and General Motors partnered up to allow drivers of select Chevrolet, Buick,
GMC and Cadillac vehicles to have access to high-speed internet and entertainment while on the go. Now millions
of vehicle owners and passengers across the US have access to WarnerMedia RIDE, offering video content on
smartphones or tablets connected to in-car WiFi hotspots. It will be available with AT&T unlimited data plans in con-
nected cars at no additional cost.

VENN Closes Series A Financing: VENN, a 24/7 gaming and entertainment streaming network, closed a \$26mln
Series A financing. The round was co-led by Seed round investor BITKRAFT and new investor Nexstar Media
Group. Under the terms of its investment, Nexstar secured content and sales category exclusivity for local TV
broadcasting and has the right to appoint a member to VENN’s board.

Industry Execs Re-Elected to SCTE-ISBE Board: Charter evp, field operations Tom Adams; Cox evp/chief product
and technology officer Kevin Hart; Comcast vp, finance and business operations Meena Soleiman and Comcast
Central Division vp, engineering, headend and XOC Aaron Weimer were all re-elected to the SCTE-ISBE board for
the 2020-21 term. Adams will serve a second term as chmn while Hart will return as vice chmn. Soleiman will serve
as treasurer while Weimer will continue to serve as secretary.

SSIMWAVE Launches New Product: SSIMWAVE announced a new product that aims to enable video providers to
achieve millions of dollars in savings in delivery costs per year while delivering quality levels of video across entire
VOD asset libraries. The SSIMPLUS Video Quality Dial is a software application that gives video providers total
control over the viewer experience of any type of VOD video content,

Kids’ Vote: Nickelodeon wants kids’ voices to be heard this election season, bringing back its bellwether “Kids’ Vote”
poll and a new “Nick News: Kids Pick the President” special. Kids can now cast their vote for who they want to be
president, and tune into the special on Oct 27 at 7pm.

Ratings: Fox News was the most-watched net in both prime and total day during the week of Oct 12-18. In prime, it
pulled in 4.357mln viewers, followed by MSNBC with 2.344mln and CNN with 1.866mln. In total day, Fox News had
2.387mln viewers, MSNBC claimed 1.328mln and CNN delivered 1.159mln.