

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Local Broadcasting: Locast's Role in Retrans, MVPDs and Streaming

(The following article is Volume 11 of the 13-part Broadband Game-Changer Series, brought you by Adara Technologies)

As end-of-year retrans battles are likely to emerge, could non-profit local broadcast streaming service **Locast** be a cable operator's best friend?

To date, no MVPD has made a significant effort to send subscribers who've lost stations due to a retrans impasse to Locast. But there has been some noise. Most notably, **AT&T** donated \$500K last year to the nonprofit—with **ABC**, **NBC**, **CBS** and **Fox** shortly thereafter filing a lawsuit alleging Locast violates copyrights by retransmitting programming without permission and compensation. Some operators are waiting for legal resolution to better figure out if the service could fit into their retrans toolbox.

"Obviously you saw what **DirectTV** did at one point [with the donation]. **DISH** is involved in a carriage battle with **Nexstar**. You saw that **Hulu Live** just dropped the **Sinclair** TV stations," said **Rich Greenfield** of **LightShed Partners**. "This could certainly be an interesting solution for content that becomes unavailable during carriage battles."

DISH makes the Locast app available on its set-top alongside other apps, such as **Netflix** and **Prime**. That's especially notable given that DISH is currently embattled in the largest US broadcast blackout ever with Nexstar. **Altice USA** CEO **Dexter Goei** expressed his love for the service during an investor conference last year. "We love what they're doing because we don't think the retrans dynamics make a lot of sense, not only from an economic standpoint, but from the fact that this is a free broadcast signal," he said.

Another reason operators don't fear Locast is that it doesn't really cannibalize their traditional pay TV option. "I would say it's not a perfect replacement product for the linear bundle,

but it certainly is an interesting tool that each of the distributors could use, especially if they're confident in the legality," said Greenfield. "It's certainly a tool they could use to limit the price increases of retrans."

It also can benefit consumers who want to access local sports during blackouts. While entertainment content is often easily accessible in the streaming ecosystem, live sports is the one thing often missing.

One issue stopping more MVPDs from using Locast as a retrans problem solver is that it's not available everywhere. It is now in 25 markets, covering almost 50% of the US population. **Cablefax** can report that the service has now reached over 2mln sign-ups. While Locast does not charge a fee (though founder **David Goodfriend** said that under the 1976 copyright statute, the non-profit legally could), it instead has a recommended \$5/month donation. Without the donation, expect programming to be interrupted around every 15 minutes with an ask for support. Goodfriend said that the majority of the signups do not pay the suggested fee, but enough have that the service has paid off all its debt.

So far, Locast hasn't changed the often contentious-retransmission consent process. "I do not believe that Locast has had any material impact on the retrans market at all," said Goodfriend. "And I say that because look at prices, look at retrans rates. They've continued to go up. Look at the takedown fights, they've only continued to get worse."

Greenfield believes that Locast could provide a way for distributors to push back at broadcasters. "Retrans has been fairly lopsided," he said. "I think it's likely to attract more partners who are looking to reduce the cost, or basically find solutions to broadcast TV."

Though operators may include Locast on set-tops or push customers to the app during broadcast battles, the service doesn't see traditional MVPDs as its expressway to growth. "We see very little usage from those apps," Goodfriend said.

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“I do think that web usage, **Roku**, and Amazon Fire Stick are going to continue to be major sources of volume for how consumers access Locast. As cord cutting accelerates, and it is accelerating, I think interest in Locast will increase as well. Today, in the midst of the streaming revolution, we have a window. It’s a little window, for a non-profit to offer something that commercial companies will never offer.”

Greenfield concurred. “Forget about the MVPDs. It’s likely to increase cord cutting,” he said. “Which is good for the broadband side of the MVPDs—obviously it’s not great for the video bundle. My guess is once the legality of Locast is confirmed it means more people will use Locast and give even more reasons to cut the cord.”

RETRANS WATCH

As we head into the last couple weeks of 2020, retrans blackouts continue. **AT&T** and **TEGNA** are still talking. So are **DISH** and **Nexstar**. But whether any of those discussions bear fruit before the new year is a guessing game at this point. DISH said that as of Friday morning, it hadn’t heard back from Nexstar on its latest proposal and accused the broadcaster of intentionally slowing its response to use viewers as leverage. Nexstar is turning up the heat by noting it has reached deals with three streaming partners since Dec 1. The most recent was announced Friday with **Hulu**, marking Nexstar’s first-ever multi-year agreement with the streamer. **WGN America** will be added Jan 19 and Nexstar’s **ABC** affiliated stations are being restored to Hulu+ Live TV. Nexstar also did deals this month with **fubo TV** and **YouTube TV**. It’s also started running a TV spot on its stations urging DISH customers to call for bill

credits, declaring that DISH has dropped more than 200 local stations, cable nets and RSNs. For its part, TEGNA issued a new statement Friday reiterating that it’s open to striking a deal with AT&T/DirecTV as soon as possible provided its fair and based on the market. It remains to be seen if any other MVPDs will join AT&T and DISH in the blackout circle before year-end. **Comcast** still has to reach a deal with **Cox Media Group** this month, and there is often a surprise or two that pops up by New Year’s Eve. We’ll keep you posted of any big developments at Cablefax.com.

CHARTER EFFECTIVE COMPETITION ORDER STANDS

The **US Court of Appeals for the First Circuit** rejected the **Massachusetts Dept of Telecom & Cable’s** challenge to a 2019 **FCC** order that granted **Charter** effective competition status in the state. The FCC determined that AT&T streaming offering DirecTV Now constituted effective competition, thus freeing Charter from rate regulation of its basic tier. This month, the FCC granted the same status to **Comcast** and **Cox** in Massachusetts. Judge *Juan Torruella*, one of the three judges who heard **oral arguments** in October, died Oct 26 and did not participate in the First Circuit’s opinion. MDTC had argued that since DirecTV Now (since renamed AT&T TV Now) is delivered via broadband through a third party, AT&T isn’t providing services directly and thus can’t satisfy the Local Exchange Carrier test for providing effective competition. “The MDTC’s argument is unpersuasive. Most importantly, as the FCC points out, the statute contains no facilities-based test, and Congress expressly provided that video programming services could be offered ‘by any means,’” said the court’s opinion.

Cablefax Daily

The Cablefax Team is enjoying some R&R to close out the year. Wishing You a Happy & Safe Holiday Season.

But don’t worry. Our editorial team will keep you updated at Cablefax.com and through any necessary Breaking News Alerts.



Only 1 more issue in 2020! Cablefax Daily will publish on Thursday, December 31 and then again on Monday, January 4.

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HULU RAISING PRICES

Hulu + Live TV is the latest vMVPD to raise pricing before year's end, upping its base package price tag from \$54.99/month to \$64.99/month. The commercial-free version is also seeing a shift from \$60.99/month to \$70.99/month. The price increase will impact new and existing subs and take effect with the first billing cycle on or after Dec 18.

DISTRIBUTION

Starz launched on **fuboTV** Friday. The channel is now available as a premium add-on to fuboTV's base package for \$8.99/month. – Latin concert channel **Tarima** has been added to the \$5/month Cine y Entretenimiento add-on package to **DishLATINO**.

C-BAND AUCTION HITS \$30MLN

The **FCC's** C-band auction surpassed the \$30mln mark before Friday's last bidding round ended. Bidding is scheduled to continue through Round 45, which ends at noon ET on Dec 23. The auction will then take a break until Jan 4, when Round 46 will kick off at 10am. Up for grabs is 280 megahertz of mid-band spectrum in the 3.7-3.98 GHz band.

PEOPLE

"PBS NewsHour" producer *James F Blue III* was named svp and head of **Smithsonian Channel**. He also will oversee news and factual unscripted content for the **MTV Entertainment** portfolio, reporting to *Chris McCarthy* and *Nina Diaz*.

EDITOR'S NOTE

Your next issue of **Cablefax Daily** will arrive on Dec 31. We'll be sure to update Cablefax.com and send news alerts for any breaking news you need to know. Happy holidays!

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Research

- > 46% of consumers are more likely to patronize local/small businesses this holiday season, driven primarily by a desire to give back to their communities (53%).
- > Customers choose to shop at small businesses for the quality of goods (48%) and customer service (45%) as well as the ability to find unique merchandise (44%).
- > The top way consumers plan to support local/small businesses by ordering take out from local restaurants (48%). Many consumers also intend to get groceries at local markets (37%), buying gift cards from local retailers (23%) and sharing their favorite businesses with family and friends (24%).

(Source: [Comcast Business](#))

Up Ahead

JAN 11-14: VIRTUAL CES 2021

JAN 13: FCC OPEN COMMISSION MEETING

JAN 14: ROCKY MOUNTAIN CABLE ASSOCIATION EPIC VIRTUAL PARTY

JAN 19-22: VIRTUAL NATPE MIAMI

JAN 25-28: REALSCREEN SUMMIT 2021

Quotable

"I'm personally very excited about the wearable space. I think that has a lot of opportunity with not necessarily XR, but augmented reality. And we're already testing and trialing industrial use cases, believe it or not, in our cell sites to help technicians commission equipment using the traditional hardhat with an AR-capable visor. So early days, but if we can do that in our little space of industry, imagine how many opportunities exist across broader industries, be that oil and gas or medial professionals."
 – T-Mobile pres, technology **Neville Ray** discussing 5G use cases at **Oppeheimer's 5G Summit**