

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Retrans Agenda: Virtual MVPDs, ATSC 3.0's Role in Retransmission

As we head into 2021, there may not have been a huge retransmission consent blackout to ring in the year (those happened a few weeks early and involved **DISH** and **AT&T**), but there's still plenty for broadcasters and MVPDs to fret about. First, there are a smattering of retrans blackouts entering 2021, including a 4-day-and-counting spat between **TEGNA** and **Mediacom**. But there's also what's ahead. In a recent meeting with **FCC** commish *Nathan Simington*, **Hearst** representatives emphasized the importance of retrans in light of expected continued decreases in ad revenues. And they're increasingly looking to streamers, which don't have the same broadcast carriage obligations as cable operators.

"The Hearst representatives reinforced the importance of local broadcast revenues derived from 'virtual' MVPDs in light of the growing consumer trend toward streaming video programming and the continued importance of ensuring that such revenues are retained by local broadcasters to reinvest in their locally-produced news and other video content," Hearst explained in an ex parte describing the Dec 30 teleconference. Streamers have been able in some instances to avoid stations group retrans deals and carry a national feed of network programming. For example, **Hulu+Live TV** lost **Nexstar**-owned ABC affiliates in October, replacing them with ABC's national feed. The two recently reached a new pact, with the stations set to return this month.

Although traditional MVPD subscribers declined during the first half of 2020, retransmission consent revenue earned by major station groups increased in both the first and second quarters of 2020 by nearly 20% compared to the first and second quarters of 2019, according to **S&P Global**.

The **FCC**'s newly released Communications Marketplace report, broadcast retrans consent revenue jumped from \$6.42bln in 2015 to \$11.71bln in 2019. The report noted though that the retrans growth rate had declined from nearly 25% from 2016 to 2017 to about 10% from 2018 to 2019. From 2018 to 2019, 688 total retransmission consent fees paid by cable systems to television broadcast stations increased, on average, by 11.2%. Annual fees paid per subscriber increased, on average, by 17.8%, rising from \$109.70 to \$129.27 over the same period, the report found. Average monthly retransmission consent fees per subscriber per broadcast station increased by 20.5%, increasing from \$1.07 to \$1.29 from 2018 to 2019. Cable operators say retrans costs help explain increases in cable prices (the monthly price for cable subscribers who take only the basic service grew by 10.7%, to \$34.79 in 2019, while expanded basic increased 7.1% to \$86.70).

Another issue to watch in the retrans space is ATSC 3.0. **NAB** has petitioned the FCC to clarify the application of ATSC 3.0 rules to multicast streams. NAB wants the FCC to recognize that in simulcasting arrangement involving multicast streams, the licensee who originated the programming rather than the licensee whose facilities are being used to distribute the programming

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The tilted image shows the Cablefax Daily newspaper cover for Monday, November 2, 2020. The cover features the headline "Deal Talk: RCN/News/Grande CEO Dissect \$4.1B Streppeck Deal" and other news items. It also includes a "MOST POWERFUL WOMEN" section and a "Save the Date: Most Powerful Women Reception & Virtual Celebration Event" announcement.

is responsible for the programming. **American TV Alliance**—a retrans reform group whose members include several MVPDs—expressed concern that the rule could provide a loophole for a station to assemble Big Four duopolies, triopolies and even quadropolies without needing FCC approval. Such consolidation could lead to higher retrans fees. If the FCC wants to proceed with NAB’s rulemaking petition, ATVA argues the agency should consider a Notice of Inquiry first since “the petition can be read as proposing quite fundamental changes to broadcast law.”

**RETRANS BLACKOUT REPORT CARD**

Even with **NFL** playoff games looming, blackouts persist. **Media-com** lost 16 **TEGNA** stations at 5pm ET on New Year’s Eve, and they remain dark at press time. **Capitol Broadcasting’s** WRAL, WRAZ and WILM in NC have been off **DISH** since 5pm ET Dec 29. Capitol said Monday is has not received a proposal from DISH in response to its Dec 29 offer and warned viewers “the current contractual impasse with DISH is likely to be an extended one.” **Sparklight**, formerly **NewWave Communications**, lost **GoCom Media’s** Fox, CW, MeTV and Dabl channels in the Illinois markets of Argenta, Auburn, Hoopston, Mowequa, Paris, Taylorville and Westville. Sparklight continues to negotiate with **Sinclair** and **Block Communications**. **Verizon** and **Gray** didn’t reach a new deal for WWBT-NBC and WUVP-CW in Richmond, VA. The stations have been dark since the evening of Dec 31. Gray has filed a good faith complaint at the **FCC** against **Frontier**, alleging it failed to negotiate in good faith and didn’t meet an obligation to notify its customers “as soon as possible” that it would be dropping stations. Gray stations in Sarasota, FL; Charleston, SC; and Myrtle Beach, SC, have been off Frontier since 5pm on Dec

18. “Frontier engaged in Potemkin negotiations, making offers that it would not accept for stations that it decided weeks ago it would drop. At the same time that Frontier was making fake offers to Gray, it was keeping its customers in the dark regarding its true intentions to drop all three stations as soon as its carriage agreement expired,” Gray said in its complaint.

**DISCOVERY+ MAKES ITS DEBUT**

New year, new streaming service. **Discovery** kicked off 2021 by launching its non-fiction streamer **discovery+**, and it has already been able to avoid some of the carriage drama that plagued **HBO Max** and **Peacock**. **Roku** is among those carrying the streamer at launch as is **Amazon** across its Fire TV devices. Viewers also can access the app on iOS and Android platforms, on **Microsoft** Xbox One and Series S/X devices and on 2017 and newer **Samsung** Smart TVs. In addition to its previously announced partnerships with **Verizon** and **Sky**, discovery+ has agreed to a long-term agreement with **Vodafone** that will make the streamer available to existing Vodafone TV and mobile customers in 12 markets across Europe. discovery+ is priced at \$4.99/month with ads or at \$6.99/month for an ad-free version and touts more than 55K episodes from Discovery brands. It is on track to deliver more than 1K hours of originals in its first year.

**GOE! JOINS CALL TO CERTIFY BIDEN WIN**

**Altice USA** CEO *Dexter Goei* is among nearly 200 business leaders calling on Congress to certify the electoral vote Wednesday. “The incoming Biden administration faces the urgent tasks of defeating COVID-19 and restoring the livelihoods of millions of Americans who have lost jobs and businesses during the pandemic. Our duly elected leaders deserve the respect and

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<p style="font-weight: bold; color: white;">JAMES A. "JIM" BLACKLEY</p> <p style="font-size: 12px; color: white;">Charter Communications</p>	<p style="font-weight: bold; color: white;">DAVID N. WATSON</p> <p style="font-size: 12px; color: white;">Comcast Cable</p>
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<p style="font-weight: bold; color: white;">ALFRED LIGGINS III</p> <p style="font-size: 12px; color: white;">Urban One &amp; TV One</p>	

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bipartisan support of all Americans at a moment when we are dealing with the worst health and economic crises in modern history. There should be no further delay in the orderly transfer of power,” read the letter, which was also signed by **Hearst** pres/CEO **Steven Swartz** and **NBA** commissioner **Adam Silver**.

#### ROKU LOOKING TO ACQUIRE QUIBI CONTENT

**Quibi** is in advanced talks to sell its content library to **Roku** after the shuttering of its service in December, according to a [WSJ report](#). Roku would be able to offer Quibi’s content exclusively to its customers, and it would allow the device maker to strengthen its ad-supported **The Roku Channel** offering. [WSJ](#) said there is still a chance that the deal could fall apart.

#### C-BAND AUCTION GOING STRONG

The FCC’s C-Band auction has surpassed \$76.5bln. That could mean the end is near, with **New Street Research** projecting auction proceeds to fall between \$73bln and \$80bln (total spend between \$87bln-\$94bln with \$14bln in clearing costs). The analysts’ updated forecast predicts **Verizon** will win 100MHz (unchanged), but at a higher cost of \$32bln; **AT&T** will win 50MHz (previously 70MHz); **T-Mobile** to win 65MHz (previously 50MHz); **DISH** to win 20MHz (previously 40MHz); Cable to win 20MHz in their footprint (previously 0MHz), with the balance going to regional carriers and financial buyers.

#### FCC SEEKING COMMENT ON BROADBAND BENEFITS

The FCC’s **Wireline Competition Bureau** issued a request for comment on how to administer a \$3.2bln Emergency Broadband Benefit Program created by Congress to expand internet access for low-income individuals. The program, which was included in the most recent COVID-19 stimulus legislation, would reimburse participating companies for providing discounted broadband service and connected devices to eligible households during the COVID-19 pandemic. Participating providers will make available to eligible households a monthly discount off the standard rate for an internet service offering and associated equipment, up to \$50/month. On Tribal lands, the monthly discount may be up to \$75/month. “Our staff is moving quickly to stand up this program so we can quickly direct funding to consumers who need the help, while also guarding against waste, fraud, and abuse,” FCC chmn **Ajit Pai** said in a statement. “We look forward to getting public input on how best to structure this effort.”

#### DISTRIBUTION

**Hulu** and **ViacomCBS** agreed to an expansion of their distribution deal that will add 14 additional channels to **Hulu + Live TV**. Subscribers will now have access to **BET**, **Comedy Central**, **MTV**, **Nickelodeon**, **Paramount Network**, **VH1**, **CMT**, **Nick Jr**, **TV Land**, **BET Her**, **MTV2**, **NickToons**, **TeenNick** and **MTV Classic**. The multi-year deal also includes continued carriage of **CBS** broadcast stations, **CBS Sports Network**, **Pop TV**, **Smithsonian Channel**, **The CW** and the ongoing distribution of **Showtime**.

#### MASSACHUSETTS FIGHTS COMCAST DATA CAP

Twelve Massachusetts state lawmakers are fighting back against **Comcast** placing of a 1.2TB data cap on service plans

for some new and existing customers across the northeast. In a letter sent to Comcast Cable svp, government and regulatory relations, northeast division **Mark Reilly** on Dec 30, the lawmakers called on Comcast to discontinue the data cap and reconsider “any future attempts at imposing a data cap or any perversion of the principles of net neutrality in Massachusetts.” Customers under Comcast’s data cap without unlimited plans will be charged \$10 for every 50 gigabytes they use over the limit, up to a maximum of \$100/month. In a move to ease the transition for customers, Comcast will give customers credits for any charges tied to data overages or unlimited data through the end of February. Comcast data customers also get one courtesy month each year, so the Massachusetts policymakers estimate customers will begin to see the effects of the data plan in April. The rest of Comcast’s markets have had this 1.2TB data cap since July when the company raised its monthly data threshold from 1TB to 1.2TB. “1.2 terabytes is a massive amount of data that enables consumers to video conference for 3500 hours, watch 1200 hours of distance learning videos, stream 500 hours of high-definition video content a month, or play more than 34000 hours of online games,” Comcast said in a statement. “Our data plan is structured in a way that the very small percentage of our customers who use more than 1.2 terabytes of monthly data and generate the greatest demand for network development and capacity pay more for their increased usage.”

#### KY ISP IMPACTED BY NASHVILLE BOMBING

Kentucky broadband provider **White Cloud Communications** said it was impacted by the Christmas Day bombing in Nashville as the data links to two of its headend locations from **AT&T** were offline. White Cloud had invested in redundant circuits from multiple carriers, but they were quickly overwhelmed due to internet traffic being rerouted, the company said in a statement. “To reduce the impact on our customers, we procured emergency bandwidth capacity from those other carriers, and by later on the 26th, traffic was flowing at a normal rate from our customers to the internet, and voice calls were being completed, except where other providers still had issues,” [said the ISP](#), which is a member of **ACA Connects**. “Even while we were prepared and are proud we got back to normal operations so quickly, we along with all providers should use this opportunity to reexamine our infrastructure and address shortcomings. We are particularly concerned about the reliability of our nation’s 911 infrastructure, which too often relies on a limited number of paths from the same provider.”

#### PROGRAMMING

**AMC Networks** is making the entire first season of “A Discovery of Witches” available for free ahead of its Season 2 premiere. Viewers can access the show on **Sundance Now**, **Shudder** and **AMC+** without a subscription from Jan 4-18, and the second season will become available on Jan 9 across those platforms. – **ESPN**’s first NFL Wild Card megacast has expanded. **ESPN+** will now join **ESPN**, **ABC**, **ESPN2**, **Freeform** and **ESPN Deportes** in airing the Jan 10 matchup of Baltimore at Tennessee on Jan 10 at 1pm ET.