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WHAT THE INDUSTRY READS FIRST

No Deal: Ergen Says DISH, TEGNA Remain Very Far Apart

DISH Chairman *Charlie Ergen* sounds almost ready to kiss **TEGNA** stations goodbye.

"We know we'll lose TEGNA customers if they're not up, and we are losing some customers. But it's not as dramatic as it might have been in the past," Ergen said during Thursday's 3Q21 earnings call. "Once you're through football season and once people find a way to get football next year, that's going to be a permanent loss of viewers for TEGNA."

Of course, there's a couple months of football season left, including the playoffs, so that's a pretty big gamble. And DISH isn't quietly letting those stations go, recently filing a complaint at the FCC accusing the broadcaster of violating good faith negotiations.

On the other hand, programmers are putting more content on streaming services, including some even **NFL** games. "Of course, people also can go get it from the networks. They can get Peacock from NBC directly. Maybe TEGNA gets revenue from that, maybe they get more revenue than they do from us. And maybe that makes sense for them," Ergen said.

He didn't really seem to believe that sentiment though, throwing out a stat that about half of **Gray TV's** revenue was tied to retrans. "I don't know why you want to drive your customers to watch **Netflix** and **Hulu**, but they're doing it," he said. Gray reported total 3Q21 revenue of \$601 million Thursday, with retrans consent rev of \$266 million significantly exceeding guidance.

TEGNA stations went dark on DISH Oct. 6, days after 3Q ended,

so we don't know yet what sort of impact the dispute had on sub numbers. Net pay TV customers declined 13,000 in the quarter, with **Sling TV** helping to stem the loss. Satellite lost approximately 130,000 subs vs a loss of 87,000 a year ago. Virtual MVPD Sling added 117,000 subs compared to 203,000 a year ago.

Ergen characterized retransmission consent negotiations with TEGNA as being very far apart. "I don't think there's serious negotiations going on," he said. "Having said that, we remain available to have an honest conversation about where things go... It's a bit of a balance, but we prefer to be up."

Sinclair seems to be a different story due to its size. Rather than Sinclair stations go dark, DISH and the broadcaster have reached a series of extensions that continues today. "We look at it economically. Sinclair is just bigger than TEGNA. We've had a long-term relationship there, and you know there's more conversation around that," Ergen said. "They're bigger and probably would have a little more clout and scale in the marketplace." As long as DISH is negotiating with Sinclair, there remains hope the **Bally Sports** RSNs might return to the satcaster. DISH dropped the channels in the summer of 2019, just before Disney sold them to Sinclair.

For the quarter, DISH reported revenue of \$4.45 billion, compared to \$4.53 billion for the corresponding period in 2020. Net income totaled \$557 million, compared to \$505 million from the year-ago quarter.

While DISH is heavily focused on its 5G wireless network, satellite still pays the bills. **MoffettNathanson** analysts noted



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that after DISH's sub losses are re-accelerating after two years of steady churn improvements. "To offset these accelerating subscriber losses, DISH has raised prices sharply twice this year, borrowing a page from DirecTV circa 2018... That will help cash flow, perhaps, but it makes it easier for DirecTV to market against Dish even in rural markets, which they are now specifically doing in their newest promotions and advertising," the analysts said.

ESPN CLASSIC SHUTTERS JANUARY 1

ESPN, which has been slowly winding down **ESPN Classic** for years, set a Jan. 1 expiration date for the channel. Most MVPDs have already stopped carrying the channel, with **Verizon, DirecTV, Comcast, Charter** and **Cox** all dropping it a few years ago. **Atlantic Broadband** was one of the most recent drops, discontinuing the network Sept. 1. ESPN notified 12 providers representing about 2 million subs (mostly **NCTC** members) that the channel will stop its telecasts of classic games on Jan. 1.

ALTICE SETS COURSE TO BROADBAND GROWTH

Altice USA lost 13,000 residential broadband customers in 3Q21, and CEO *Dexter Goei* is putting **Suddenlink**'s rebrand to the **Optimum** name on hold until the ship starts to right itself. He has a plan to get there, and that includes accelerating new build activity around the Suddenlink footprint and upgrading customer speeds. Approximately 50% of its broadband customers remain on plans with download speeds of 200Mbps or less. Altice USA is accelerating its fiber rollout even more to reduce churn and long-term costs and is on track to reach 1.5 million FTTH passings by the end of the year. "We're still achieving 40% penetration after the first year of expanding our network into new areas, so it makes sense to push harder here in adjacent areas as a great driver of our new

customer growth,” he said. The company’s sales approach has also been transformed with Optimum Flexability, allowing customers to choose any internet speed, TV package and mobile plan. Goei agrees with the general consensus that lower churn is leading to less gross ads across the board for broadband providers, but at the same time, competition is continuing to grow with the rise of overbuilders and investments in fiber from the likes of **AT&T**. “I do think that the competition, at least in terms of what they’re saying, some of the smaller players or newer players out there, I think their targets are ambitious in terms of the ability for them to get out there as quickly as they anticipate given the labor market shortages,” he said. “I’d be surprised if people start delivering upon the targets that they’ve been announcing verbally out there... it’ll be interesting to see how the other markets unfold in the next two or three years, but I don’t anticipate some of those guys surviving in the current format.” Total revenue grew 5.8% YOY in the quarter to \$2.57 billion, primarily due to a 15.7% growth in its News & Advertising segment. Video customers continue to decline, with losses clocking in at 67,000. One avenue Goei is not considering to bolster the balance sheet at this point is selling Altice USA assets. “There’s no initiative here to split up the assets to try and highlight the underappreciated value of our footprint here in order to try and maximize value in the very short term,” he said. “The business has gone through a slight flutter for three or four quarters on its growth numbers, and we feel very comfortable around the ability for us to recover those losses.”

CABLE ONE'S JV PLANS

Cable One disclosed more details about its potential JV that would consist of the fiber assets of **Clearwave** (minus its

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tower business) and certain **Hargray** assets. It will include **GTCR Strategic Growth Investment** and a limited number of other accredited investors organized by *Michael Gottdenker*, who formerly was the CEO of Hargray. An affiliate of **Stephens Capital Partners** and an affiliate of **The Pritzker Organization** are also expected to be part of the JV. "This venture would allow us to have a proven and dedicated team that can be hyper focused on accelerating market expansion in new and existing systems," Cable One CEO *Julie Laulis* said during Thursday's earnings call. "This will also allow the Cable One team to remain focused on our primary business, increasing penetration rates, integrating recently acquired companies and driving higher margins and greater free cash flow." That way, the new venture—which management stressed may not happen—can pursue growth without negatively impacting Cable One's margins (nor dealing with the constraints of being publicly traded). Cable One and GTCR will be the only owners of the venture that will hold 10% or more of the equity in NewCo. On Oct. 18, Cable One completed a minority equity investment for less than 10% ownership in SPAC **Tristar** for \$20.8 million. "We see that as another way to partner with an experienced management team that is focused on rural telecommunications. We also believe our relationship with Tristar could lead to incremental opportunities for cable one in the future," CFO *Steve Cochran* said.

STARZ HEADED TO NEW GALAXY?

Lionsgate's board authorized management to explore potential capital markets alternatives for **Starz**. According to an **SEC** filing, those options include but are not limited to "a full or partial spin-off, split-off, issuance of a tracking stock or other transactions." Completing any such deal would be subject to approval by the company's board as well as terms, conditions and regulatory approvals.

PARAMOUNT+ ALL ABOUT PARTNERSHIPS

HBO Max and others may have abandoned **Amazon Channels** to pursue new subscribers without a middle man, but **ViacomCBS** is happy to maintain the partnership so long as it keeps **Paramount+** growing. "We continue to believe in broad and ubiquitous distribution really as a path to scale, and that includes wholesale relationships... There's obviously trade-offs in terms of a wholesale versus a direct relationship. Those trade-offs tend to be around requests for certain types of exclusivity, data access, margin," ViacomCBS President/CEO *Bob Bakish* said on the company's 3Q21 earnings call Thursday. "The real question is do you have deals in place which make sense relative to those considerations?... It's something we're going to continue to evaluate over time as we scale, but we see value to those distribution channels today." The company added 4.3 million global streaming subscribers in 3Q21, reaching nearly 47 million subscribers by the quarter's end. ViacomCBS is continuing to strike new partnerships where they make sense, and its latest is with **T-Mobile**. Starting Tuesday, new and existing T-Mobile and Spring postpaid wireless and home internet customers on any plan can sign up for a free 12 months of Paramount+'s Essential ad-supported plan. The offering is available to new and current Paramount+ subscribers. "The most important thing for Paramount+ now is exposing more consumers to the offering,

particularly as we're ramping content," Bakish said, adding that the Essential plan is the best fit for both this customer base and ViacomCBS's long-term plans. "That product has content for the whole household and it has an attractive price point of \$4.99, which will really maximize downstream conversion after the promotional period. And the broader distribution of Paramount+ Essential fits well with driving our streaming ad business." The programmer expects to see the most significant impacts from this partnership in early 2022, thanks to a broad awareness marketing campaign. That's also when it will start to benefit from its partnership with **Sky**. Sky will begin distributing Paramount+ to all of its Sky Cinema subscribers in the first half of next year followed by Germany, Austria and Italy. The joint **SkyShowtime** streaming offering will also be arriving in 2022, but no firm date has been set on that launch.

WICKER ON ROSENWORCEL, SOHN NOMS

Sen Commerce ranking member *Roger Wicker* (R-MS) plans to vote for Jessica Rosenworcel's nomination to serve as chair of the FCC, and he expects Democratic nominee *Gigi Sohn* to garner enough Democratic votes to gain approval, according to [Bloomberg Law](#). Sen Commerce chair *Maria Cantwell* (D-WA) has said she wants to hold a hearing for both nominees the week of Nov 15. There's a lot riding on these two being confirmed before year-end. If they aren't, Rosenworcel's tenure will expire, leaving the agency with a 2-1 Republican majority. Hoping to avoid that—and get new Title II-focused net neutrality rules on the books—**Free Press** has launched a campaign to have folks call their Senators and urge confirmation.

HELLO, AMBASSADOR COHEN

The Senate confirmed longtime **Comcast** exec David Cohen as US Ambassador to Canada by unanimous consent Tuesday evening. Comcast CEO *Brian Roberts* offered his congratulations, saying that Cohen's "long history of dedicated public service will continue as he builds the bonds between our countries. While Philadelphia will miss him, I know he'll bring his energy, passion and incredible work ethic to Ottawa." President *Biden* announced his intent in July to nominate Cohen, who most recently was senior counselor to Roberts. Last week, Biden announced plans to nominate **Falcon Cable** founder *Marc Nathanson* as Ambassador to Norway.

AT&T, VERIZON DELAY C-BAND DEPLOYMENTS

AT&T and **Verizon** are delaying their use of C-band spectrum from December 5 to January 5 in response to concerns from the **FAA** about impacts to aircraft safety. When the **FCC** was crafting rules surrounding the unlocking of C-band spectrum for 5G, the aviation industry expressed concern that the deployment of that spectrum into cellular networks could interfere with automated equipment that helps fly and land planes. The FCC didn't change its rules based on those claims, but it also didn't settle the argument. Ultimately, the delay is most harmful to Verizon first as it was the largest purchaser of C-band spectrum at the FCC's auction, paying \$52.9 billion for 3,511 licenses. It was followed by AT&T (\$27.4 billion on 1,621 licenses). But this presents a major opportunity for T-Mobile, which could use the extra time to nab 5G customers before its competitors have the opportunity to bolster their networks with the additional spectrum.

PROGRAMMER'S PAGE

You're More than What You Eat

When it comes to a celebrity weight loss transformation, *Will Smith* probably does not immediately come to mind. Enter **YouTube Original** "Will Smith: The Best Shape of My Life," which premieres on Monday. With a goal of losing 20 pounds in 20 weeks and getting in even better shape than his "iRobot" days, the actor soon learns that the best shape of his life is about more than physical health. In a trailer, Smith gets personal, sharing that at one time in his life, he had contemplated suicide. "What started as a purely physical fitness journey turned into so much more," YouTube Global Head of Original Content *Susanne Daniels* said when debuting a series trailer during **TCA's** summer tour. It's clear this series will be about more than shedding those COVID pounds, but it's also an example of programmers moving beyond the superficial weight loss shows of years past. While dramatically shedding dozens of pounds and standing in front of cameras in your skivvies might make for exciting TV, it's often not realistic or sustainable—and arguably downright dangerous. America seems to be slowly coming to grips with the notion that weight loss is more about what you think than what you eat. Not having seen Smith's series, we can't say for sure how his physical approach evolves into a mental exercise (Smith was writing his memoir as he filmed). But we sincerely hope it's a sign that there will be less fad diets cluttering our Facebook feeds, especially as those New Year's resolutions crop up in a few months. Last month, *Gary Foster*, Chief Scientific Officer for WW (formerly Weight Watchers), dropped a new book that quickly climbed up the Amazon new release chart, "The Shift: 7 Powerful Mindset Changes for Lasting Weight Loss." Those mindset shifts include treating yourself with compassion, appreciating the power of small steps and leaning in to gratitude. Those concepts may not be the tentpoles for dramatic television, but they sound like something everyone, even a celeb like Smith, could benefit from. — *Amy Maclean*

REVIEWS

"Dexter: New Blood," series premiere, 9pm, Sunday, **Showtime**. The first thing you'll notice about this next edition of "Dexter" is that Miami PD's most anxious blood-spatter expert no longer is based in the Sunshine State. Not even close. You'll see. As followers of the original hit, at least those with excellent memories, may recall—the finale of that series' 8-year run bowed in 2013—Dexter went missing after a hurricane. Well, he's found himself. Don't call him Dexter, though he still "has a thing about blood," we learn early in ep 1. In addition, he's still talking to erstwhile family members. And his past is not behind him completely. On the other hand, he's broken out of his shell a bit. Everyone in his new location likes him and, compared to the old Dexter, he's positively gregarious. And while he's enjoying a simple life in a simple location, there are enough baddies around town to tempt his alter ego. Was it worth bringing back "everyone's favorite serial killer," as Showtime describes him? Yes, we think so. — "The Premise," streaming, **FX** on **Hulu**. Props to FX on Hulu for taking a chance on this anthology series. Sample the first two allegorical eps, which satirize cleverly. Unfortunately, after that, creator *B.J. Novak's* reach exceeds his grasp. Still, we applaud his ambitious attempt. — *Seth Arenstein*

BASIC CABLE

P2+ PRIME RANKINGS*

(10/25/21-10/31/21)

MON-SUN	MC	MC
	US	US AA
	AA%	(000)
ESPN	0.742	2311
FNC	0.709	2208
HALL	0.379	1179
MSNBC	0.359	1119
HGTV	0.275	858
TLC	0.245	764
INSP	0.230	717
DISC	0.212	662
NFL	0.205	638
TBSC	0.199	621
LIFE	0.196	612
FOOD	0.195	608
HMM	0.191	593
CNN	0.188	585
USA	0.185	576
HIST	0.175	546
ID	0.175	546
BRAVO	0.159	495
TNT	0.153	475
A&E	0.150	467
ESPN2	0.148	461
TVLAND	0.144	449
FRFM	0.143	445
WETV	0.140	436
AMC	0.114	356
GSN	0.114	354
FX	0.109	341
BET	0.098	305
APL	0.096	299
NATGEO	0.095	297
SYFY	0.093	291
TRAVEL	0.090	280
COM	0.084	263
NICK	0.084	260

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