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QUOTABLE

"If your business plan involves breaking the law, it's not a very good business plan." - California AG Rob Bonta on the PSKY-WBD merger

CABLE NETS CAUGHT IN PSKY-WBD FIGHT

A long-expected storm made landfall Monday when a coalition of 12 state attorneys general, led by California AG *Rob Bonta*, sued to block the $110 billion merger of **Paramount Skydance** and **Warner Bros. Discovery**, citing antitrust concerns. The lawsuit, which was filed in the **U.S. District Court for the Northern District of California**, is joined by Dem AGs in Arizona, Colorado, Connecticut, Massachusetts, Minnesota, Nevada, New Jersey, New Mexico, New York, Oregon and Washington.

The action echoed the state challenge that halted the $6.2 billion **Nexstar-Tegna** merger from closing. But unlike with that ongoing court battle, Bonta's coalition didn't immediately move to file a temporary restraining order on PSKY-WBD, although it warned it would if the companies attempted to close the merger before the judicial process concludes.

"This $110 billion proposed merger, the largest merger in Hollywood history, would extinguish competition. It would result in higher prices, lower content quality and fewer movies and TV shows. Movie theaters, basic cable TV distributors and audiences on every sofa and in every movie seat would feel the impact of this unlawful merger," Bonta said during a press conference in front of the Hollywood sign in L.A.

The filing not only highlights how the merger of two major film studios and streaming services would hurt competition and jobs but it also zones in on the implications for the cable TV ecosystem. The combined company would own more than 50 basic cable channels, including **CNN**, **TBS**, **TNT**, **MTV**, **Comedy Central** and **BET**, with Bonta noting this would result in a behemoth that would control nearly one-third of basic cable programming. The combo would also bring **CBS**, 15 owned-and-operated CBS local stations, **HBO** and **Showtime** under one umbrella, as well as **CBS News** and CNN. The lawsuit also lists the portfolio of valuable sports rights, including the **NFL**, **MLB**, college football and March Madness, PSKY-WBD would own.

"Content distributors would be virtually forced to accept terms offered by the merged company, or risk landing on the blacklist of the most popular channels. They could be on the receiving end of a blackout of some of the top cable channels in the country," said Bonta, warning that the merger would weaken MVPDs' ability to negotiate fair carriage fees for their customers. "Your cable bill is going to go up because those cable companies that distribute the channels will have less negotiating power when negotiating with a merged Warner Bros. Paramount… They will dictate terms. They will dictate prices. They will raise your prices."

The coalition is also concerned that the combined company is likely to reduce its investment in basic cable programming, leading to subscribers receiving fewer original series, less variety and fewer viewpoints.

"In a competitive market, a programmer who reduced content quality would risk losing carriage to competing programmers offering better value. The proposed merger would weaken that competitive constraint by conferring on the combined company extraordinary bargaining leverage, even as its content investment declines," reads the filing.

PSKY said in a statement that it will "vigorously defend" the transaction, arguing that the lawsuit "reflects a fundamentally flawed application of the antitrust laws and is wrong on both the facts and the law." It added that delaying the merger "will only harm entertainment workers who have already suffered over recent years as technology has disrupted their livelihood and cost California tens of thousands of entertainment jobs."

The programmer reiterated that the combo would help it better compete with Netflix and other "dominant" streaming platforms. "Put simply, any attempt to block this transaction undermines the very principles antitrust law is designed to promote: more competition, more choice for consumers, and more opportunities for creators and workers." WBD did not respond to a request for comment by ***CFX***'s deadline.

On Sunday, *Semafor* reported that PSKY was weighing moving its business out of California if the state challenged its WBD deal. Bonta was unmoved by the report during the presser: "We heard that claim yesterday for the first time, and honestly, it seemed like a last-ditch effort to try to blackmail my office and the attorneys general into allowing an illegal merger

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cablefax.com

EDITORIAL
Editor
Noah Ziegler, 301.354.1704, nziegler@accessintel.com

Senior Editor
John Saavedra, 908.477.1758
jsaavedra@accessintel.com

Editorial Director
Amy Maclean, 301.354.1760, amaclean@accessintel.com

Editorial Director, Ad Tech & Convergent Media
Sarah Sluis, 212.621.4706, ssluis@accessintel.com

ADVERTISING/BUSINESS
Chief Operating Officer
Jennifer Schwartz, jschwartz@accessintel.com

Chief Revenue Officer
Dave Colford
dcolford@accessintel.com

Advertising and Sponsorship
Vernesa Merdanovic, vmerdanovic@accessintel.com

MARKETING
Senior Marketing Director
Jessica Dombrowski, jdombrowski@accessintel.com

PRODUCTION/CLIENT SERVICES
Sr Production Manager:
Joann Fato, jfato@accessintel.com

Group Subs: Vernesa Merdanovic, vmerdanovic@accessintel.com

Subscription Questions:
Client Services: 301.354.2101, clientservices@accessintel.com | Annual subscription price: $1,999.00/yr

Access Intelligence, LLC,
9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

to go through." He also dismissed a previous report that the states would seek to force PSKY-WBD to divest CNN as "the gossip machine on overdrive."

PSKY's deadline to close its WBD acquisition is Sept. 30, but a court battle with the states could delay things. Missing the deadline means it'll have to pay WBD shareholders a cash "ticking fee" of approximately $650 million for every quarter the deal doesn't close.

The merger is also still awaiting approvals across the pond. The **European Commission** is set to decide whether to give the thumbs up or escalate its investigation by July 22, while U.K. Culture Secretary *Lisa Nandy* said she was "minded to intervene," citing concerns over how the combo will impact British television. Additionally, the U.K.'s **Competition and Markets Authority** will decide by Aug. 7 whether to approve or launch a more in-depth probe.

DIRECTV, SCRIPPS END DISPUTE

Scripps and **DirecTV** put an end to their five-week retransmission dispute late Friday, and while the resolution brings 54 local stations back to lineups, concerns remain regarding the long-term outlook for negotiations between distributors and broadcasters. On Friday, the two companies secured a multiyear deal to reinstate stations in 36 **Nielsen** markets, including Baltimore, Cincinnati, Denver, Las Vegas, Nashville, Phoenix, Salt Lake City and others. The latest battle—which only encompassed local stations and not Scripps' national networks such as **Ion** or **Bounce**—emerged in late May, adding another fight to Scripps' plate following a previous month-long spat with **Comcast**. That meant consumers in certain markets missed out on some of the **NBA** Finals, **NHL** Stanley Cup Final and **FIFA World Cup**. It's not unusual for disputes to be anchored around high-profile live sporting events, but it's one of the reasons DirecTV believes the current retrans system has crossed into unsustainable territory. Chief Content Officer *Rob Thun* said in a release that broadcasters "use blackouts as a tool to force us to accept unwarranted rate hikes that consistently exceed normal, inflationary increases, and by a lot." Since those costs could be passed on to subscribers, there's inevitable churn with carriage blackouts. And considering the **American Television Alliance**—a group DirecTV, **ACA Connects**, **Charter**, **Dish**, **Optimum** and more are a part of—found that retrans fees jumped from $200 million in 2006 to $15.4 billion in 2024, Thun and DirecTV remain keen to stop costs from escalating further. However, today's marketplace is ripe with consolidation, which bolsters the number of Big Four affiliations station owners bring to the table. Scripps, meanwhile, said the DirecTV agreement meant it had signed its three largest cable and satellite distributors for 2026. The trio represented a majority of Scripps' pay TV households up for renewal this year. Although terms weren't disclosed, Scripps President/CEO *Adam Symson* noted that "Fair compensation from distribution partners ensures we can sustain these essential public services" such as severe weather alerts and emergency information.

CABLE ONE'S STOCK TUMBLES AFTER SEC FILING

An 8K filing with the **SEC** indicated that **Cable One** is preparing to show 2Q26 results that fall short of Wall Street analysts' expectations, in addition to potential concerns with the financing of its agreement to buy out the remaining stake in **Mega Broadband Investments Holdings** (MBI). Last week, Cable One noted preliminary estimated financial results for the second quarter. Revenue is anticipated to be between $346-352 million, down YOY from $381 million, with capital expenditures falling in the $72-76 million range (up from $68.3 million), residential internet subscriber losses to reach 16,000-18,000 customers and residential internet ARPU to be $80-81. As of June 30, Cable One's balance sheet showed cash and cash equivalents totaling $166.2 million, $3.06 billion of gross debt and unsecured bonds due 2028 and 2030 combining for $847.6 million. In relation to the lower-than-expected 2Q figures, Cable One said it's currently debating whether to finalize an MBI term loan exchange offer and instead leave senior secured term loans in place without Cable One providing new credit support. The **Sparklight** owner saw its stock dip as much as 12% following the filing last week. On the bright side, Cable One's stock finished up by more than 4% on Monday. The company hasn't yet announced when its 2Q26 earnings call will take place.

BUCKS JOIN NBA'S OTA TREND

The **NBA**'s Milwaukee Bucks are the latest franchise to take its local and regional distribution over the air. The team signed a partnership with **Rincon Broadcasting Group** to offer all non-nationally televised 2026-27 preseason and regular-season games on MY24 (**CW Network**) and other affiliates throughout Wisconsin. Details on that statewide affiliate network, as well as streaming options, will be revealed at a later date. It's the first time the Bucks will be available free OTA in 31 years. MY24's new Bucks tenure began Sunday with a Summer League telecast.

FREECAST'S NEW DTC PLATFORM

FreeCast, which provides streaming solutions for local broadcasters, launched a new DTC platform that's tailored to each of the 210 U.S. DMAs, providing a localized experience for users. Already in beta testing, FreeCast Cities combines participating local nets utilizing the company's BEST tech, FAST channels, access to premium services, VOD and subscription management in a unified experience across TV, mobile and CTV platforms. Eligible users will also be able to take advantage of **DirecTV** residential offers to add pay TV programming. The company is rolling out the service on a market-by-market basis at approximately one to three markets at a time.

FIBER FRENZY

Comcast Xfinity and Business services are now available to more than 1,500 addresses in and around Flagler Estates in St. Johns County, Florida. The expansion includes more than 1,100 previously unserved locations.

MORE WORLD CUP NUMBERS, 'DAILY SHOW' RATINGS

It's been a week of questions surrounding the U.S. men's national team, but its **World Cup** loss against Belgium proved to be historic. Final viewership figures came in at 33.09 million for **Fox** and 12.9 million for **Telemundo** and **Peacock**—though a majority of the Spanish-language telecast's audience was streaming (7.1 million average minute audience). Fox noted the top markets for the match included Kansas City, Boston, Seattle, St. Louis and Philadelphia. The broadcaster also said it was the most-viewed World Cup Round of 16 in English-language U.S. history with an average of 14.47 million viewers, up 216% from the average in Qatar 2022 (4.58 million). Other Ro16 tidbits include Spain vs Portugal reaching 10.5 million, Colombia vs Switzerland recording 8.81 million and Argentina vs Egypt garnering 7.3 million. Meanwhile, some quarterfinal ratings are already here. France vs Morocco became the most-watched World Cup quarterfinal telecast at 10.25 million, peaking with 13.59 million. Stay tuned for how the three remaining matches shake out. Semifinals begin Tuesday with France vs Spain, followed by England vs Argentina on Wednesday (both at 3pm on Fox and Telemundo). Six days until the grand finale. -- **Comedy Central** said "The Daily Show" had its best 2Q among P18-49 in nine years. Total viewership for 2Q26 came in at 1.12 million P2+, up 17% from 951,000 a year ago. That's the most-watched quarter since the beginning of 2019 when *Trevor Noah* was hosting. Its P18-49 rating was 0.574—up 46% YOY—while social views accumulated to 2.2 billion.

PROGRAMMING

Versant is all about golf these days. That's why it's full speed ahead on another round of the Optum **Golf Channel** Games, which will air on Golf Channel and **USA Network**, starting Dec. 16. – "American Horror Story" continues on **FX**, with Season 13 ready to go on Sept. 24 at 9pm. This year's theme is being kept under wraps. – British crime drama "MobLand" is getting a 10-episode second season on **Paramount+**. The show returns on Sept. 18. -- **NFL** Insider *Adam Schefter* is sticking around at **ESPN** after signing a multiyear agreement. The renewal means Schefter's ESPN tenure will go beyond the 20-year mark, having first arrived at the network in 2009. Schefter will continue to make appearances across ESPN shows such as "Sunday NFL Countdown," "NFL Live," "The *Pat McAfee* Show," "SportsCenter" and more. Before ESPN, Schefter was at **NFL Network**.