Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Drawing Lines: Fiber, Wireless Folks Fight Over BEAD High Cost Threshold

The **NTIA**'s BEAD program hopes to connect the unconnected with as much fiber-powered broadband as possible, but a key determinant of its success is sure to be each state's Extremely High Cost per Location Threshold.

The high cost threshold, which will be individually determined and adopted by each state, is a subsidy cost per location above which the state can choose to use an alternate, cheaper technology that meets the program's technical requirements to serve that location. In a webinar Wednesday hosted by the **Fiber Broadband Association**, **Cartesian** VP *Michael Dargue* laid out his team's methodology for how states should think about developing their own high cost thresholds. States may come up with different conclusions on what number is exactly right, and the process of reaching that figure may determine the ultimate success of the BEAD program.

"If the threshold is set too low, then there's a risk that fiber coverage will be missed. Some eligible locations that would otherwise have received fiber will miss out and will get a less capable technology, which certainly is not ideal and not aligned with the goals of BEAD," Dargue said. "Conversely, on the high side, if the threshold is set too high, that can affect participation and also states may encounter some funding challenges. It creates constraints about the way in which they can allocate funds towards locations to achieve full coverage."

Cartesian's suggested approach, which will be shared with state broadband leaders, considers a number of factors like the overall deployment costs of fiber and broadband service provider economics, including operational costs and the payback period expected for particular locations. It ultimately breaks down the process of finding the threshold into four steps: estimating deployment costs, developing a provider business case, the running of various deployment scenarios and then finally choosing the appropriate threshold based on the scenario analysis.

The high cost threshold does open the door for technologies other than fiber to be deployed with BEAD funds, but it also pours salt into wounds felt by those that have felt pushed to the sidelines by NTIA since BEAD started. Advocates for LEO satellite broadband service and fixed wireless that relies entirely on unlicensed spectrum have been dismayed with the BEAD program from the start, but particularly after the NTIA's NOFO specified that areas served by those technologies would be considered unserved. Some of those believe the introduction of the high cost threshold is an acknowledgement by NTIA that its fiber-first plan isn't one that will work with the money that's available.

In a white paper released in January, *William Lehr*, who previously served as Associate Director of the MIT Research Program on Internet & Telecoms Convergence, said states should learn as much as they can about the cost of providing service to all locations using different technologies and should set their high cost threshold to optimize the effectiveness of public funds. He also argued that the use of funds to overbuild locations that already receive service of 25/3 Mbps and the preference towards fiber that's built into BEAD could possibly increase the costs of addressing the nation's broadband needs by tens of billions of dollars.

"Those locations are concentrated in rural locations where deploying FTTP is extremely costly and much more costly than for fixed wireless alternatives," the white paper argued. "Requiring that those locations be served by FTTP instead of lower-cost alternative technologies could increase costs by upwards of $30-60 billion depending on the distribution of fiber deployment costs for the unserved locations."

Even with tools like the ones being developed by Cartesian and other groups, it isn't going to be easy for states to set their individual high cost bars. "States are going to have to do their due diligence, gather the facts about cost of deployment, provider economics, run the scenarios," **Kelley Drye & Warren LLP** Partner *Tom Cohen* said during the webinar. "It's almost, with their own goals, as much art as science as they seek these balances. But if they do, I think they can see at the end a chance to meet the twin goals: cover everybody and maximize fiber."

RODGERS, CRUZ WANT ANSWERS ON STANDARD GENERAL-TEGNA

Rep. *Cathy McMorris Rodgers* (R-WA) and Sen. *Ted Cruz* (R-TX) sent a letter to **FCC** Chair *Jessica Rosenworcel* questioning the **Media Bureau**'s treatment of the proposed merger between **Standard General** and **TEGNA**. They claim the decision to send the transaction to an ALJ hearing violates Commission rules and precedent because it wasn't voted on by the full Commission. "Second, the Media Bureau's HDO relied on novel interpretations of the Commission's public interest standard and appeared to ignore—if not contradict—the Commission's precedent that 'an increase in retransmission consent rates, by itself' does not constitute a public interest harm.'" The lawmakers have asked the FCC to provide details on previous Hearing Designation Orders tied to similar matters as well as if anyone in the chairwoman's office had any contact with *Byron Allen* or anyone affiliated with **Allen Media Group**. Allen was widely reported to have been a rival bidder for TEGNA, partnering with **Ares Management** on an offer.

MARYLAND AWARDS $92 MILLION FOR BROADBAND EXPANSIONS

Maryland Governor *Wes Moore* okayed the distribution of nearly $92 million in grant funds to expand broadband access to an estimated 14,500 homes and businesses.

The *WHO* and the *WHY*

CFX's spotlight on recent new hires & promotions

KRISTIN
Southey
EVP, INVESTOR RELATIONS
PARAMOUNT

3 THINGS TO KNOW

- Kristin was hired to head up Paramount's IR team following the departure of Anthony DiClemente, who'll stick with the company during a transition period until mid-April. Kristin will oversee the team that grows relationships with global investors while also remaining an important component of Paramount's Finance Leadership team. She'll report to CFO Naveen Chopra.
- Prior to Paramount, she spent 15 years at the video game giant Activision Blizzard as SVP, IR as well as Treasurer. In 2015 she moved to the retirement services company Athene Holding, where she also led IR and played a crucial role in its IPO that was eventually named the North American IPO of the Year by Thomson Reuters' International Financing Review.
- Outside of Paramount, Kristin is on the board of the luxury home exchange service ThirdHome as an independent director.

The grants are part of Connect Maryland, a project housed within the state's Office of Statewide Broadband and meant to close the digital divide. **Comcast** earned a solid piece of the pie, winning nearly $14.5 million to serve an estimated 1,010 households and businesses in Baltimore, Calvert, Charles, Garrett, Montgomery, Prince George's Counties. **Shentel** also came up big, coming away with three grants worth $9.4 million to serve 1,550 locations.

REPORT: DIAMOND MAKES PAYMENTS FOR SOME MLB TEAMS

It's been hit or miss for **Diamond Sports Group** when it comes to rights fees payments for the 14 MLB teams with a **Bally Sports** RSN. While DSG was on time with its payments for the Angels, Braves, Brewers, Cardinals, Marlins, Rays, Royals and Tigers, it missed payments for the Guardians and Twins, according to a *Sports Business Journal* report citing several sources. DSG will now enter a 15-day cure period to make the payments without penalty, but the length of the current deal with the Twins and Bally Sports North could make talks tricky. SBJ states the current deal is set to run out after the 2023 season, with sources telling it that the Twins aren't keen on making a new deal. The Guardians' deal, however, goes

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through 2027. On deck for their respective payments are the Rangers and the Reds, which has a deadline set in mid-April.

SPENDING ON OTT SERVICES DECLINES

The adoption of OTT subscriptions has increased 22% from the beginning of 2017 to 3Q22, according to recent research from **Parks Associates**. That coincides with a 29% drop in the adoption of traditional TV services. About 45% of consumers have five or more streaming services, however, that could see a decline as folks tighten their budgets as they cope with rising inflation rates. In 3Q21, the average monthly spending on OTT products was $85. That number dropped to $69 a year later in 3Q22. That data point aligns with the rise of FAST channels and came just as the likes of **Netflix** and **Disney+** were preparing to roll out their own ad-supported tiers. Parks estimates about 37 million households watch AVOD or FAST platforms, partly because they resemble a traditional "lean back" linear viewing experience with advertisements. Sports is also a key component of the OTT market, with Parks finding **ESPN+** as the most popular sports-dedicated service with nearly 18% of consumers subscribing to it as of 3Q22. **NFL+** followed at around 8%. That was trailed by **NBA TV** and **MLB. TV**. The research firm delivered the insights during a webinar Wednesday while also giving an early look at its OTT Video Market Tracker. The tool profiles more than 300 OTT services and estimates subscriber numbers.

REPUBLICANS CONTINUE SCRUTINY OF CHIPS SPENDING

Reps. *Cathy McMorris Rodgers* (R-WA), *Gus Bilirakis* (R-FL) and Morgan Griffith (R-VA) on Monday requested a full accounting from Commerce Secretary Gina Raimondo on funding made available through the CHIPS and Science Act. They've asked for monthly reports on where the funds are being directed be sent to House Commerce starting no later than April 18. Among the items to be included in the reports are the total amount of funding that has been obligated to date, the statutory authority associated with the obligated funds and a list of each financial award funded, either in part or in full. "The American people deserve a full, transparent, and regular accounting of the funds that have been spent, where the funds have gone and for what purpose, who has benefited, and how much remains," they said in their letter to Raimondo.

PLEX TO INTEGRATE VIONLABS' AI TECHNOLOGY

The free streamer **Plex** is teaming up with **Vionlabs**, an cognitive AI technology company, to make its user experience more intuitive and accurate. Vionlabs' technology will be integrated into Plex's platform, which currently holds 16 million MAUs globally. Some of the features Vionlabs will bring include over 30 predicted genres that can be categorized and combined with other data points such as mood or keywords, 20+ mood categories extracted by AI and fingerprint embedding that data scientists can use for personalization, content analysis and more.

CELEBRATING EARTH MONTH

April is Earth Month, and the FAST channel **Xumo Play** is getting the celebration started with the rollout of the **Xumo Free Nature and Wildlife TV**. It'll have over 150 hours of themed programming where viewers can explore various hallmarks of mother nature. Xumo Play will also have eight themed channels dedicated to nature and wildlife, including "Stingray Naturescape," "Love Nature," "PBS Nature" and "Xplore." – **EarthxTV** will have a programming slate dedicated to those whose mission is to improve the planet. Five new original series will come this month, with one ("Reverend Gadget's Garage") already premiering Monday. Then, "The Killer Bee Catcher" and "Ocean Wonders" will debut April 19, before "Future from Above" and "Kill Your Lawn" are released April 22.

ON THE CIRCUIT

The WICT Network's Rocky Mountain Chapter will host its annual Walk of Fame event on May 5 at the Denver Performing Arts Center. Honorees for this year's festivities include **Comcast** President, Northeast Division *Amy Lynch*, who'll be given the Woman of the Year award; **Charter** Sr. Director, Mobile Services and Product Experience *Katie Collins* as the Woman in Tech recipient and **CableLabs** VP, Wireless Technologies *David Debrecht*, who'll receive the Mentor of the Year honor. Additionally, Charter SVP, Network Operations *Charlotte Field* and former Comcast SVP, Technology Environment & Strategy *Sherita Ceasar* will be given Lifetime Achievement Awards. – **CTAM**'s 25th annual Executive Management Program at Harvard Business School will launch June 11. The week-long program offers media, entertainment and technology executives a comprehensive curriculum on how to encourage executive development.

PEOPLE

WE tv head of programming *Lauren Gellert* is departing from the company to pursue new opportunities. Gellert originally joined **AMC Networks** in 2012, helping usher in popular reality TV series such as "Marriage Boot Camp" and "Love After Lockup." During her 11-year tenure she maintained WE tv as the No. 1 cable network for Black women on Thursday nights, also bringing it to the top among Black women on Fridays for the past four years. Prior to AMCN, she was VP, Production and Development for **ION Media Networks** and has also held roles at **truTV**, **Court TV** and **VH1**.

Think about that for a minute...

Cancel Culture

Commentary by Steve Effros

No, this is not about the excesses of the "woke" war on both extreme sides of the political divide. Although I must note that I'm disappointed that the whole nonsense battle revolves around a word derived from "awakened." It seems to me that virtually every great spiritual or intellectual leader in the world has urged us all to "awaken" to some truth or reality. Happy Easter and Passover to you all. We may not agree or adopt any given one, but being "awakened" or "woke," as opposed to asleep or willfully uninformed is good, not a bad thing.

Anyway, in this case, the "cancel culture" I'm talking about is much closer to our business home. It's the regulatory move to make it as easy to cancel a subscription to something, particularly video streaming services, as it is to sign up! I agree.

The proposal is being floated, interestingly, before the Federal Trade Commission. The Federal Communications Commission has nothing to do with it. That's in part because the FCC simply doesn't presently have jurisdiction over streaming services, and that Commission is also essentially neutered. Remember, there are two Democrats and two Republican Commissioners right now. The "tie breaker" was supposed to be Gigi Sohn, but she says, after all the fighting and delays, she has withdrawn.

The administration has basically said nothing. No new name has emerged to be submitted to the Senate for confirmation. Thus, on any controversial issue, the FCC is not likely to be involved. In this case the FTC apparently is taking up the matter of canceling monthly subscriptions because anyone who has tried has found that some services have made what appears to be a conscious business plan of making it very difficult to do.

This is all part and parcel of the much larger debate about "a la carte" purchasing of video products. The streaming services were supposed to be the answer to the widespread complaints over the bloated cable bundle. I've discussed that here before. But now the streaming services are themselves finding that for economic survival they have to "bundle" as well. The result is a consumer winds up signing up for a streaming bundle not because they necessarily want the bundle, but because they want to see (or binge) a particular program or movie they have heard about.

But after they've watched, then what? Well, and I don't say this is true about all services, but certainly with some of them, when you try to cancel service there's no "button" to simply push, as there was with the "subscribe" button. You may get a series of screens that tell you to go from your "smart TV" to the service's "app," or to the Google App store and then navigate around to find the "manage subscription" screen and then you may find a button to push, or not. It can get very confusing.

A related issue is the reminder that you have a subscription in the first place after you stop monitoring every one of your credit card charges every month. You missed that charge? They've got you for another month! Again, some services are good about all this and send a monthly email reminder. Good for them. Hopefully it doesn't wind up in the spam folder! Anyway, the consumer is clearly in a challenging situation of keeping track of where they "signed up" (was it directly with the service provider's app, was it through YouTube TV, or Verizon or the local cable operator?) What credit card did you use? And, of course, what's your password?

The Federal Trade Commission is the one we're going to have to watch on all this, because new rules are coming, and they will definitely be designed to aid the "cancel culture"! Happy Holidays.

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)