

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

After the Hack: DISH Churn Spikes with Pay TV Losses Hitting 552K

DISH saw its pay TV customers decline by 552,000 in 1Q23, up from 462,000 a year ago. While the company was hit with a cybersecurity incident during the quarter that crippled its network, including customer-facing websites, management said the impact on revenue was immaterial. The cyber hack's impact on churn, however, was another matter.

While there were reports of customers having difficulty submitting bill payments during the network outage, CFO *Paul Urban* said DISH was collecting all amounts by the end of the quarter. "We might have waived a late fee. You're probably a little down on the margin because you waived a late fee or you extended somebody three more days than you would have... There's some stuff around the margin, but nothing material," said Chairman *Charlie Ergen* during the company's earnings call Monday.

DISH satellite TV customers were most impacted by the incident. "In some cases, obviously, we weren't able to answer a phone call or answer a customer issue where they had a technical issue and they may have disconnected and you're seeing that in the Q1 numbers. But essentially, we've put that past us," DISH President/CEO *Erik Carlson* said.

In addition to elevated churn, Ergen noted there were lower gross adds because DISH stopped marketing as it dealt with the issue. "We would expect, obviously, that we return with the outage behind us to more normal run rates," he said. Satellite TV customers fell by 318,000, while vMPVD Sling

subs fell by 234,000.

"DISH's gross additions fell, as they have done for years, but that wasn't the real problem. The big story was their satellite TV churn rate, which spiked sharply to a level much higher than last year, or than expected. DISH's churn rate of 1.98% was up 39 bps from a year ago, an almost unprecedented jump, missing consensus by an astounding 62 bps," **SVB MoffettNathanson** said in a research note.

DISH incurred about \$30 million in expenses related to the network outage, mainly related to remediation, additional customer support and consulting and IT costs. It doesn't anticipate any additional material future costs or further impacts to the subscriber base from the incident. Carlson said the investigation into the incident is largely complete and it determined customer databases weren't accessed. However, certain employee records and a "limited number" of records containing personal information were affected. "We have no evidence this data has been misused. We have started the process of notifying individuals whose data was extracted," said Carlson. "Data security is extremely important to us. Our team, including third-party cybersecurity experts, has been working to enhance our cyber defenses and overall security posture."

While much of the call was focused on DISH's 5G wireless network business, DBS still has importance. Case in point, the company is under contract with **Maxar** to extend its HD broadcast service over North America. The satellite is expected to launch

IT'S THAT TIME OF YEAR! NOMINATE FOR THE DIVERSITY LIST.

Help Cablefax recognize the top multi-ethnic executives based on their influence and power within the industry. Plus, nominate for Cablefax's Pride List, honoring top LGBTQ+ execs who are making their mark on the industry.

Other nominations include D&I Mentor of the Year, Public Affairs Campaign and Thrivers Under 30, the industry's rising stars under 30.

Deadline: Friday, May 12 to submit two entries for free.

www.CablefaxDiversity.com



around 2026. “We don’t think that the DBS business is going away. It’s still a preferred choice for a lot of Americans in terms of an efficient way to watch TV, and obviously we’re able to add apps and things to the set-top box for a seamless experience,” said Ergen.

New Street Research analysts dubbed results better than feared. “We reduced our estimates for subscribers and EBITDA in DBS and retail wireless following the hack. DISH did materially better on service revenue, EBITDA and FCF than we feared. They did a little worse on DTV subscriber losses but better on Boost subscriber losses,” the analysts said in a research note.

For the quarter, net income totaled \$223 million, compared to \$433 million for the year-ago quarter. Revenue fell to \$3.96 billion vs. \$4.33 billion a year ago. Retail wireless net subscribers decreased by 81,000 in the quarter, compared to a net decrease of 343,000 in 1Q22. Shares of DISH closed up just over 2% Monday.

As for DISH’s 5G network buildout, management reiterated it’s on track to cover 70% of the U.S. population by June, as mandated by the government. As of March 31, DISH had started construction on over 18,000 5G cell sites. It will need approximately 16,000 sites fully powered and fibered to provide 5G broadband service to over 70% of the U.S. population. Meanwhile, DISH has the option to buy some low-band 800MHz spectrum from T-Mobile as part of its 2019 agreement. It just exercised its option to extend the deadline for purchasing by 60 days, pushing the date into early September. Ergen said the 800 band is important, but “capital wise, we’re challenged to be able to do that transaction today, but we think that there are ways that we can make that transaction happen.”

DEALBOOK

The **FCC** Wireline Competition Bureau is seeking comment on a transaction to transfer certain customers and assets to **LiveOak Fiber**, a CLEC that operates a broadband network in parts of Georgia and Florida. The deal involves CLEC **AI-Call** and cable company **ATC Broadband**, which has a statewide franchise in Georgia and provides service to 138 business customers with 181 customer locations in Camden and Glynn Counties. Under the proposed transaction, 119 of ATC’s customers and ATC’s network assets in Camden and Glynn counties would transfer to LiveOak. LiveOak will acquire the network facilities used to serve all of ATC’s customers in Glynn and Camden except for 19 that are being retained by ATC. LiveOak will simultaneously lease back to ATC the capacity and connections needed to serve the customers that will not be transferred to LiveOak. – The Bureau is also seeking comment that would transfer control of **All West**, an ILEC serving six rural exchanges over 4,200 access lines in Utah and approximately

200 access lines through two rule local exchanges in Wyoming, would transfer from current shareholders to **Novacap Holdings**, a holding company and does not provide any telecommunications services. Novacap Holdings will ultimately be controlled by Novacap Management, a Canadian private equity fund that controls **Stratus Networks**, **Horizon Telecom** and Horizon’s wholly-owned subsidiary, **The Chillicothe Telephone Company**.

COMCAST EXEC, EX-NCTA CHIEF MCSLARROW TO RETIRE

Former **NCTA** President/CEO and 12-year **Comcast** exec **Kyle McSllarrow** is set to retire at the end of the month. He currently serves as SVP, TPX Business Development and Planning for Comcast Cable. McSllarrow served as the head of the cable industry’s lobbying association from 2005 to 2011, a tenure that included **Kevin Martin’s** **FCC** chairmanship (cable and Martin often butted heads) as well as compromise net neutrality rules under FCC chair **Julius Genachowski** that were largely overturned by the courts (and are still being debated). McSllarrow, inducted into the **Cable Hall of Fame** in 2019, joined the industry after serving as Deputy Secretary of the U.S. Department of Energy. His career at Comcast included roles as SVP, Customer Experience; Regional Senior Vice President of both Seattle and Mountain Regions; and as head of its DC office.

NEXSTAR ACQUIRES SD STATION

Nexstar has acquired the assets of **KUSI-TV** in San Diego from **McKinnon Broadcasting** for \$35 million in addition to a customary working capital adjustment. The deal is expected to close later this year. It’ll join **KWSB-TV (Fox)** as a Nexstar station in San Diego, which currently ranks No. 30 among the largest TV markets in the U.S.

CANNELLA TAKES A LEAP

Cannella Media entered a strategic partnership with **Leap Media Group** to produce and distribute Long Form Brand Engagement video projects. The projects are half-hour branded shows made for linear TV and FAST channels. Leap—an independent TV producer, distributor and ad services company—will leverage its tune-in promotion capabilities with Cannella’s scaled distribution network. The two have already worked together for “The Next Turn: Panama,” a travel show sponsored by Expedia. Leap is the new kid on the block, having recently been co-founded by former **Canoe Ventures** SVP, Global Sales & Marketing **Chris Pizzurro**. Its clients and partners include **Fox**, **AMC**, **TelevisaUnivision**, **Discovery**, **Hallmark Channel** and **Frontier**.

CIVIL RIGHTS ORGS PLEDGE SUPPORT OF SG-TEGNA DEAL

A coalition of civil rights organizations signed an MOU supporting **Standard General's** commitments to diversity and inclusion in its pending merger with **TEGNA**. The Asian Americans Advancing Justice, National Action Network, National Urban League, and UnidosUS penned a five-part action plan that would go into effect following the closing of the transaction. The MOU states Standard General would expand workforce recruitment, mentor and training programs, increase diverse supplier spending, prioritize minority audience participation in all local programming, develop a community investment plan to support minority-led or minority-serving organizations and create an advisory board of leaders, civil rights groups and representatives. The five guidelines are in addition to Standard General's previous commitment of a 50% increase in TEGNA's board member diversity.

DIRECTV, AIMBRIDGE TEAM UP

DirectTV's guestroom entertainment arm **DirectTV Hospitality** is partnering with **Aimbridge Hospitality** to improve in-room TV viewing experiences for hotel patrons. Aimbridge owns over 1,500 properties in all 50 U.S. states and more than 20 countries. It'll extend DirectTV's benefits like **ESPN+ for Business** and **MLS Season Pass** to property owners to put in lounges, bars and restaurants.

RATINGS

Thursday's Lakers-Warriors contest notched the largest audience for an NBA Conference Semifinals Game 2 on Disney platforms. **ESPN's** broadcast averaged 7.35 million viewers, according to **Nielsen**, and peaked at 10pm with 8.39 million. – **Great American Family** made it six straight months as the fast-growing network YOY in total day household ratings, according to **Nielsen**. To-date in 2023, GAF has seen YOY increases by 147% in total day households, 141% in total viewers, 132% in primetime households and 130% in total viewers. This April was the highest-rated month in network history in the total day households category. – The first Saturday of May means it's Derby Day, and **NBC Sports'** telecast of the 2023 Kentucky Derby averaged a total audience delivery of 14.8 million viewers. That makes it the most-watched sporting event and second most-watched program since this year's Super Bowl and is also the 14th consecutive Derby to eclipse 14.5 million viewers (excluding the Sept. 2020 race). Viewership peaked at 16.6 million from 7-7:15pm on **NBC**. **Peacock** had an average minute audience of 371,000 viewers across platforms, a 50% improvement from last year's mark of 247,000.

FIBER FRENZY

The Last Frontier is getting a speed boost. **GCI** customers can now get speeds of up to 2.5 Gbps. The company is also upping

the speeds of all residential internet customers and is tripling the number of unlimited data options for those with GCI's mobile and internet bundle GCI+, which has plans starting at \$99.99/month. The speed bump comes as GCI plans to launch service in King Cove and Sand Point, Alaska, by the end of 2023 via its Aleutians Fiber Project. – **Ritter Communications** FTTH internet service **RightFiber** has started offering 5 Gig and 2 Gig symmetrical internet service to all of its network. RightFiber's footprint spans across Arkansas and West Tennessee.

AWARDS

Mediacom was picked as a 2023 U.S. Best Managed Company for the third straight year. The program is sponsored by **Deloitte** and *Wall Street Journal* spotlights private companies in the U.S. and the achievements of their management teams. Selected companies are evaluated by a panel of external judges based on four primary areas: strategy, ability to execute, corporate culture and governance/financial performance.

FOX NEWS HONORS ZAKRZEWSKI

Fox News is dedicating its London bureau to *Pierre Zakrzewski*, a cameraman who was [killed last March](#) in Ukraine while covering the ongoing war with Russia. Ukrainian journalist *Oleksandra Kuvshynova* was also killed in the attack and FNC correspondent *Benjamin Hall* was critically injured. Zakrzewski was with FNC for nearly 20 years and covered wars in Iraq and Afghanistan as well as breaking news in Israel, Pakistan, Lebanon, Syria, Egypt and other countries. In 2021 he was in Afghanistan when the U.S. withdrew its troops from the country, having helped freelance reporters and their families exit the country.

PEOPLE

David Owens was tapped as **Charter's** new SVP, Mobile Product. He'll guide Spectrum Mobile and the development and execution of the company's mobile product strategy and management. Owens comes with more than three decades worth of experience in communications. He was at **Sprint** for 27 years and rose to SVP, Product/Head of Marketing. Most recently he was at **Harman International** as an SVP. Owens will report to Chief Mobile Officer *Danny Bowman*.

OBITUARY

Former **FCC** Chairman *Newton Minnow*, whose reference to television as a "vast wasteland" is often quoted, passed away Saturday at the age of 1997. He [lamented](#) to the *NY Times* in 2019 that he would likely be remembered for that 1961 quote before the **NAB** rather than his efforts on behalf of communications satellites. That wouldn't be a new phenomenon, with many believing the [fictional S.S. Minnow](#) that ran aground in "Gilligan's Island" was named for the former FCC chair.

GUEST COLUMNIST

Fiber Connect 2023: 'What Fiber Disrupts Next'

By Gary Bolton

President & CEO, Fiber Broadband Association

Over the past few years, nothing has disrupted the broadband market quite like fiber optic technology.



Gary Bolton

In 2022 alone, fiber lines passed an additional 7.9 million homes in the United States, setting a new annual record for deployments, according to the latest survey conducted by the Fiber Broadband Association (FBA). As a result, from coast to coast, fiber-to-the-premises (FTTP) networks now pass a total of more than 63 million

“unique” households, including some 48% of the nation’s primary residences and 12% of its secondary homes.

Moreover, the year-end FBA survey revealed that 28.3 million American households are now connected to fiber lines. That figure is up from 25.1 million homes at the end of 2021 and translates to more than a 40% penetration rate.

Notably, cable operators are increasingly ramping up their FTTP deployments. Indeed, large and mid-sized North American cablecos installed more than 35,000 remote optical line terminals (R-OLTs) for Fiber-To-The-Home (FTTH) last year, according to the latest figures compiled by the Dell’Oro Group. That’s up exponentially from well under 10,000 R-OLT ports deployed in 2021.

“Cable operators are not sitting idly by,” said Jeff Heynen, VP of Broadband Access and Home Networking at Dell’Oro. Speaking on one of our recent Fiber for Breakfast webinars, Heynen noted that operators are responding to heightened competition from fiber providers by “making investments in their own fiber infrastructure.”

Given this stunning broadband market growth, what markets will fiber disrupt next? We’ll try to answer this important question at our upcoming annual conference, Fiber Connect 2023.

Slated to take place at the Gaylord Palms Resort and Convention Center in Orlando from Sunday, Aug. 20 through Wednesday, Aug. 23, Fiber Connect will explore how fiber broadband acts as the enabling technology platform to disrupt numerous markets, including electronic gaming, video streaming, the Internet of Things, precision agriculture, health care, machine learning, augmented/virtual reality, and more.

This summer’s conference will feature 55 educational sessions spread across seven breakout tracks. Topics will range from fiber deployment challenges and opportunities to the economics of fiber broadband and from the in-home fiber broadband experience to the ecology of fiber broadband, with a particular emphasis on efforts to bridge the digital divide.

“This is certainly the time when all eyes are on the effort to close the digital divide,” said Joseph Jones, president of OnTrac, FBA chairman and chairman for the conference. Indeed, the con-

ference will take place as federal, state, and local officials are gearing up to spend tens of billions of dollars in public funds to subsidize new broadband network builds throughout the country.

Cablefax and ACA Connects will join the conversation again at Fiber Connect 2023 to discuss trends in fiber upgrades and expansions to help explain why cable operators are turning to fiber. Leaders from the two organizations will also examine the federal government’s massive Broadband Equity, Access, and Deployment (BEAD) program and the challenges ahead for MSOs, as well as lead a panel conversation with operators about best practices for public-private-partnerships.

More than 200 other experts from across the industry will lead conversations during the four-day-long Fiber Connect 2023. The speaking roster includes key elected and regulatory officials, and executives from industry groups such as Broadband Forum.

Up to 4,000 people are expected to attend, a testament to the ongoing expansion of the fiber broadband industry. The guest list includes broadband providers, other network operators, network integrators, utility executives, local government officials, digital infrastructure investors, infrastructure providers, tech suppliers and more.

This year’s conference will also feature some new elements, such as Operator Lights, a series of 18-minute presentations modelled after the renowned TED Talks. Top tech executives from such leading service providers as AT&T, Google Fiber, Frontier, Lumos Fiber, EPB, and Ting Internet will speak at those sessions.

In another fresh addition to the conference lineup, Fiber Connect 2023 will ratchet up the networking opportunities with Fiber Meetups. Attendees will be able to mix and swap stories with colleagues from other companies and parts of the country.

“We have a lot of great new content this year,” Jones noted. “We’re really trying to create something for everyone.”

Other networking opportunities will abound in Orlando. Those opportunities include the C-Suite Forum on Monday, Aug. 21, when senior executives can engage with federal, state, and regulatory officials, as well as the Women in Fiber Luncheon and the Elected Officials Luncheon.

Yet another standout element of the conference will be the State Broadband Summit. Scheduled for Aug. 23, the summit will bring together state broadband officers from across the nation to discuss their five-year plans for closing the digital divide with the aid of all the various federal and state government subsidies. Finally, there will be a series of pre-conference workshops on Sunday, Aug. 20, where we will cover such topics as community broadband, the middle mile, and network sustainability.

All in all, Fiber Connect 2023 promises to offer all participants the best possible kind of disruption under the Florida sun.

– Gary Bolton leads the Fiber Broadband Association, whose mission is to accelerate deployment of all-fiber access networks.