

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## AI Conundrum: FCC Alumni Ponder Future of AI Regulation

Technologists have long pondered what would be the killer app that truly pushes America's communications networks, and **DigitalBridge** Managing Director *Jonathan Adelstein* believes we finally have an answer: AI.

He said as much during **MMTC's** 2023 Former **FCC** Chairs' Symposium Tuesday, adding that he believes AI will make a real difference and hasn't yet reached its full potential in the 5G era. Once it is more fully unleashed, he is hopeful that wireless carriers will be able to see more return on their enormous investments in spectrum and infrastructure over the last several years.

"I think we're going to see vast new applications in IoT with AI that will require not only 5G, but I think advanced connectivity in wireline networks and beyond," he said.

Former FCC Chair *Dick Wiley* called AI the future of technology in many respects for the U.S., and there's a lot of excitement around the era of innovation that will come to pass. But there's a lot of concern on the regulatory front on how to approach such an unwieldy subject. He doesn't necessarily believe the FCC has a regulatory role to play in the future of AI since it isn't directly tied to communications or communications technology, and he wants regulators to move slowly until everyone has a better idea of how AI is developing.

*Mignon Clyburn*, another Commission veteran, hasn't taken a position on where regulatory responsibility lies. But she

cautioned everyone that if the federal government takes too long to act, more states will introduce AI-related legislation and a patchwork of legislation will begin forming whether anyone likes it or not.

"They're not going to wait for somebody to have some kind of verbal fisticuff or not this or not that," the former chairwoman said. "There's 17 states who are looking at this and that number is likely to grow. So if we don't want a patchwork, then we need to get moving in a way that will address those concerns to those states."

The trio also took a moment to reflect on how the current Commission handled the **Standard General-TEGNA** merger and answer questions about how the agency should go about designating issues to administrative law judges. Clyburn described the merger review process as intensive, and there's no one-size-fits-all way to approach every transaction that comes before the FCC. However, she does believe that you have to lead with transparency from the beginning. The rules of the road should be clear to those reviewing transactions, the general public and the companies involved.

Wiley complimented the Commission over the last two years for its bipartisanship before revealing that he did not like the way the Standard General-TEGNA merger was handled. He would prefer to see all major mergers get a vote by the full commission after careful review by the agency's staff.

"This case involved setting up a hearing designation order and I think that created an unpredictability in the whole merger



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review and approval process, and you have to consider the fact that broadcasting today is having to compete in a very rapidly changing and dynamic media environment,” he said. “If there’s something wrong with a merger in the past, usually the Commission says what’s wrong and gives the parties an opportunity to meet certain conditions that will correct those problems. That didn’t happen in this case.”

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## VERIZON SAYS IT’S TOO EARLY TO ESTIMATE LEAD CABLE COSTS

There was no ignoring the threat of lead-sheathed cables on Verizon’s 2Q23 earnings call Tuesday. EVP/CFO *Tony Skiadas* told investors it was far too soon to make any projection on the potential financial impact that could come with the process for and potential removal of that cable. “There are a number of unknowns in this area, including whether there is a health risk presented by undisturbed lead-sheathed cable and, if there is a risk, how that risk should be addressed,” he said. CEO *Hans Vestberg* said Verizon is doing its own measurements in areas with internal and external experts to examine scientifically whether the cable is presenting a risk to the communities around it. While those investigations are underway, the provider hopes to continue riding the wave of success it has achieved with its fixed wireless broadband product. Total broadband net additions were 418,000 for 2Q23 with 384,000 of those being attributed to fixed wireless. Vestberg said Verizon is well on its way to meeting its target of 4-5 million fixed wireless subs by the end of 2025 with the current number sitting at 2.3 million. “We can now start with different tiers, different pricing so we can meet customer demands that have different requirements. And that’s good for us, but it’s also really good for our customers because they can choose between different models depending on what needs they have,” he said. Fios had a solid quarter as well with 54,000 net additions, and that comes as moves overall have remained on the softer side. Consolidated revenue came in at \$32.6 billion, down 3.5% YOY thanks to reduced wireless equipment revenue and a drop in postpaid phone upgrade activity.

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## ESPN WON’T LEAVE LINEAR BEHIND

ESPN President *Jimmy Pitaro* once again made it clear it’s not “if,” but “when” for the transition of the network’s flagship channels to a direct-to-consumer model, but that doesn’t mean there won’t be anything left for linear audiences. While speaking at **CNBC** and Boardroom’s “Game Plan” event Tuesday, Pitaro said he and **Disney** CEO *Bob Iger* were looking at strategic partners to help with the migration, adding that

they were looking for partners that could make the flagship product more compelling. He couldn’t comment on who he and Iger were in discussions with (CNBC [reported](#) talks with leagues like the **NFL**, **NBA** and **MLB have already begun**), but wanted to emphasize the network isn’t abandoning the linear TV world. “We are obviously very aware of what’s happening in the traditional television world,” Pitaro said during a panel. “I do want to clarify something: when we do that, it’ll be in parallel with the traditional world. What I mean by that is there seems to be a perception in the industry by some that there will come this point in time where we just flip a switch and we move ESPN flagship channels over to an ala carte model. That’s not the case. We will continue to be invested in the traditional world.” He also made sure to note that the network believes “that there are parties out there that can help us on the content side, and you can draw whatever conclusions you want from that.” On the same panel was **Prime Video** VP and **Amazon** Global Head of Sports *Jay Marine*, who knows all about putting live sports on a digital property. While Prime Video’s first-year ratings for Thursday Night Football were down from linear TV—Amazon’s average came in at 11.5 million for the season—he’s confident in the long-term plan. “Our goal is to build a franchise and a franchise that’s durable and extremely valuable [for] year four, five, 10 and 11,” Marine said. “I think there was a lot of industry project projections that we’d do 5-7 million, so 11 million out of the gate, we feel great about and the good thing here is the macro trends are going in our favor.” Amazon wants to get more into the live sports world, and the next big prize will be the NBA once its current deal with **Disney** and **Warner Bros. Discovery** stops in 2024-25. Marine said Amazon has been public with its interest to grow its partnership with the NBA, and that it’ll be “aggressive, but rational” in its approach.

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## BIARD HEADS TO NEXSTAR

**Nexstar** is changing up its executive team. The company tapped longtime **Fox** exec *Michael Biard* as its next President/COO, replacing *Thomas Carter* as he steps into a Senior Advisor role through the end of 2023. Biard’s deal runs through August 2027 and he’ll officially begin his new chapter come August 21. Once in place, he’ll report to CEO *Perry Sook*. Biard spent more than 23 years at Fox and most recently oversaw its multi-platform content distribution, distribution strategy, affiliate marketing and affiliate-related business operations as President, Operations and Distribution. He’s also credited with playing a key role in the acquisition and monetization of sports rights for Fox and **Fox Sports**. Replacing him at Fox will be *David Espinosa*, a 17-year Fox vet who rose to EVP, Distribu-

tion Strategy and Business Affairs and oversaw the strategy of distribution agreements across cable, satellite, streaming and Fox-affiliated TV stations. Biard joins Nexstar at a time when the company has been at odds with **DirecTV**. It's now been over four weeks since 159 Nexstar-owned local stations went dark on the MVPD, but the past week has been centered on the [blackout](#) of **CW Network** on stations owned by Sinclair for DirecTV Stream customers.

## MARQUEE LATEST RSN TO LAUNCH DTC SERVICE

**Marquee Sports Network** released a direct-to-consumer subscription offering for in-market Chicago Cubs fans Tuesday. The product, available for \$19.99/month, will give fans the option to stream live Cubs games and view original Marquee Sports Network programming. They'll be able to purchase the subscription on WatchMarquee.com or through the new Marquee Sports Network App, which offers 1080p resolution video and on-demand content including game highlights and interviews. Streaming through the new app will be available at no extra cost to fans who receive Marquee Sports Network through a traditional cable or streaming provider.

## SPECTRUM NEEDED AS WIRELESS DATA USAGE GOES UP

Last year saw wireless networks in the U.S. support over 73.7 trillion MB of traffic. It was a 38% increase compared to 2021, making it the highest increase in mobile data traffic ever. But with increasing demand for wireless data, **CTIA's** 2023 annual survey found more spectrum is needed over the next five years and beyond. There's been a sharp focus on wireless investments in the past five years, with \$39 billion being put toward wireless networks in 2022. It reflects the fact that the U.S. had nearly 162 million active 5G devices by the end of 2022—nearly double the 86 million 5G devices in 2021. The rise of 5G has helped with broadband coverage as well, with 5G home broadband covering over 94 million homes in the U.S.

## ESHOO, MARKEY FIGHT TO MAKE VIDEO MORE ACCESSIBLE

Reps **Anna Eshoo** (D-CA) and **Ed Markey** (D-MA) reintroduced legislation Tuesday that would update existing accessibility regulations to cover new technologies like video conferencing and streaming. The Communications, Video and Technology Accessibility Act would expand closed captioning and audio description standards for programming on linear and online streaming platforms and give the **FCC** more power to ensure accessibility regulations are keeping pace with technological advancements, among other things.

## RATINGS

**Fox News** checked in as the most-watched cable network in primetime and total day as the network rolled out its new primetime lineup. From July 17-21, Fox News had 2.13 million viewers P2+ and 202,000 A25-54, beating out competitors **MSNBC** (1.39 million P2+ and 143,000 A25-54) and **CNN** (594,000 P2+ and 112,000 A25-54). "Jesse Watters Primetime" averaged 2.32 million viewers P2+ in its debut in the spot previously held by *Tucker Carlson*. "Hannity" led the new-look lineup with 2.38 million, while "Gutfeld!" and "The Ingraham Angle" followed with 1.95 million and 1.89 million, respectively. – The "AEW: Dynamite" Blood & Guts match from Wednesday reached over 2.5 million total viewers on **TBS**, making it the top cable telecast for the day. The event had a 1.03 L3 rating among A25-54, a 17% increase from the prior week's show while also serving as TBS' highest-rated, most-watched primetime in that demo in over two months. – The arrival of *Lionel Messi* to the **MLS** club Inter Miami has sent U.S. soccer fans into a frenzy. The soccer legend made his debut Friday in a Leagues Cup match, which averaged 1.75 million viewers P2+ and 720,000 A18-49 viewers on **TelevisaUnivision**. In the 55th minute—when Messi was subbed on—that P2+ number jumped to an average of 2.4 million. It was the most-watched Spanish-language club soccer telecast in the U.S. among total P2+ viewers in the last 15 years.

## AT THE COMMISSION

**FCC** Chair **Jessica Rosenworcel** shared an updated Notice of Inquiry with the rest of the Commission that would kick off an evaluation of broadband nationwide. She proposed that the agency examine characteristics of broadband deployment including affordability, adoption and access. The NOI also proposes to increase the national fixed broadband standard to 100/20 Mbps, and to set a separate national goal of 1 Gbps/500Mbps for the future.

## PEOPLE

**Lisa Collins** was named **Warner Bros. Discovery's** new North America DEI Group VP. She'll oversee DEI employee initiatives in the region and report to Chief DEI Officer **Asif Sadiq**. Collins will create and implement DEI programs specific to business units that focus on recruitment, retention, progression, performance management, leadership development and employee engagement. She'll also collaborate with executives to further implement DEI in all areas of the company's operations. – **NCTI** hired **Holly Henderson** as SVP, Sales and Business Development. She joins from **Hallmark Media**, where she was SVP, Distribution and helped the company acquire distribution with renowned hospitality brands. Prior to Hallmark, Henderson made stops at **Gemstar-TV Guide** and **G4**.