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WHAT THE INDUSTRY READS FIRST

Pushing Through: AT&T Optimistic Despite Fiber Slowdowns

AT&T's fiber growth slowed down in 2Q23, but leadership doesn't want you to worry too much. The softness in fiber was mostly driven by seasonality and the overall sluggish pace of move activity.

"I don't think you're going to see further slowing on what we've kind of witnessed in the second quarter, and I think you will see a little bit of a seasonality uptick that's going to come with what typically happens in the third quarter. But it will be a bit muted because I expect that there's going to be a little bit less movement activity in the housing market," CEO John Stankey said during the company's earnings call Wednesday.

Even with fewer opportunities to win customers, he feels positive about AT&T Fiber's ability to win customers anywhere it builds to. That's particularly because AT&T is relying more on opportunities to take share than it is move activity. The average penetration rate for AT&T Fiber is approximately 38% and customers are increasingly signing up for faster speed tiers. Broadband revenues were up 7% YOY thanks to a 28% increase in fiber revenue growth.

AT&T was, unsurprisingly, pressed on its current outlook when it comes to the lead-sheathed cables that are within its network, and Stankey said leadership believes the responsible way to address any health and safety concerns is to begin a deliberate review in collaboration with the EPA and industry partners with reliable science at its core.

One extra measure AT&T has taken is to expand its existing program for providing testing for employees involved in cable removal. A voluntary testing program is now available for any employee who works with or has worked with lead-clad cables, and that testing is available on company time and at company expense.

"Rest assured that if there's new and reliable information for us to consider, we will constructively work with others in our industry, scientific experts and government agencies to do what we always endeavor to do, which is act responsibly," Stankey said. "We're doing the right thing today based on current science and protocols, and will do the right thing should current scientific techniques develop new and reliable evidence that warrants a change in approach."

AT&T's wireless operations continue to chug along with postpaid phone net adds hitting 326,000. Looking into the second half of the year, Stankey is cautiously optimistic that wireless operators will continue to gain subs and earn returns on a number of their recent investments. He's still fairly conservative in terms of his expectations for how that shows up in the final numbers everyone will eventually report, but his stress levels have somewhat eased.

"I don't see anything that gives me near-term concern about demand... it's anybody's guess what the economy does," Stankey said. "But the market is certainly supporting healthy growth and the industry is, I think, in even better news, responding well to that growth. I see players investing and I see them



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making moves to make sure that they can recover returns on those investments, and that's good for all of us."

That all sounds good, and the folks at **MoffettNathanson** have been shocked at how well AT&T has been able to manage given its high debt level and its troubles in shifting away from the M&A-focused strategy of leaders past.

"They have the weakest set of assets in wireless—less spectrum, less cell density—and their prices are still head-scratchingly high. Their free cash flow is seemingly always hanging by a thread," the firm told clients. "And yet... they have managed to avoid calamity through a combination of gritty cost management and sufficiently effective marketing that has consistently delivered better results than what their underlying broad-strokes strategy and positioning would have led one to expect."

But surviving isn't thriving. In order to do that, AT&T will need to make more clear its value proposition to potential customers, **MoffettNathanson** added. But how it will manage to do that with a balance sheet that continues to face challenges from the acquisitions of years past is anybody's guess.

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ROSENWORCEL DEFENDS STANDARD GENERAL-TEGNA DECISIONS

FCC Chair *Jessica Rosenworcel* is defending the actions of herself and Commission staff in the review of the proposed **Standard General-TEGNA** merger in letters to Rep. *Cathy McMorris Rodgers* (R-WA) and Senator *Ted Cruz* (R-TX). In a response sent Monday to a joint letter from the lawmakers, she fought back against claims from Standard General that the FCC did not give them opportunities to meet with members of the Commission. Rosenworcel said the applicants met with her office, other commissioners' offices and Commission staff at least 21 times between February 2022 and May 2023, and they continued to file numerous *ex partes*, supplemental pleadings and "unsolicited commitments" into the record throughout that time. "Ultimately, the level of communication and interaction between the Commission and the applicants in this proceeding was entirely consistent with similar prior transactions. And in any event, the Commission bases its decision-making not on a number of meetings held with the parties, but on the basis of the public record before the Commission," she said." She also wrote of prior transactions that have been designated for hearing including the proposed merger of **EchoStar** and **DirectTV** in 2002 and **Sinclair's** planned acquisition of **Tribune** in 2018. Those were both designated by the full Commission, but Rosenworcel also argued that the decision issued by the Media Bureau under delegated authority was far from

The WHO and the WHY

CFX's spotlight on recent new hires & promotions



TONY
Heaton
PRESIDENT/GM
ANTIETAM BROADBAND

3 THINGS TO KNOW

- Tony assumes his new role from Brian Lynch, who's SVP, Broadband for Antietam Broadband's parent company Schurz Communications. Tony has several short- and long-term goals for the company, including working on refining its key metrics, expanding Antietam's presence in the market, continually enhancing services and fostering a culture of professional development and learning within the organization.
- Tony has been with Antietam since 1989 and was most recently the Director, Media Services. He was instrumental in building the Media Services unit from the ground up, having created and enacted strategic plans that led to significant revenue growth and community service awards for Antietam. But Tony tells **CFX** that he particularly enjoyed watching his employees grow and develop. "I have had many nice accomplishments and accolades in my career, but this is my most cherished," he said.
- While he's dedicated a lot of time in the office over his more than 30-year career, Tony enjoys time outdoors doing activities like golfing, boating, fishing, hunting or cooking. He hopes to one day attend the final round of the Master's and travel around the country and world with his wife, but until then, he'll continue fueling his passion for his beloved West Virginia Mountaineers.

unprecedented. "The Commission's rules delegate broad authority to the Media Bureau to handle various matters including the assignment and transfer of broadcast licenses without regard to the size of the transaction," she said. "Indeed, the Media Bureau has handled numerous television transactions valued over a billion dollars pursuant to delegated authority, including **Terrier Media's** \$3.1 billion dollar acquisition of **Cox Media** in 2019; **Nexstar Media's** \$7.2 billion dollar acquisition of Tribune Media Company in 2019; **Gray Television's** \$3.6 billion dollar acquisition of **Raycom Media** in 2018, and Nexstar Media's \$4.6 billion dollar acquisition of **Media General** in 2016." As for why the other commissioners did not have notice far ahead of the release of the hearing designation order, Rosenworcel said it is a courtesy that can't always be extended due to concerns about the premature release of information or the potential impacts on litigation.

VERIZON, BOOST DISH OUT DEALS

With NFL teams getting set for training camp, the football fever is spreading, and Verizon is giving fans a deal for **NFL Sunday Ticket**. Starting Thursday, new customers can get Sunday Ticket if they purchase or pre-order select smartphones and sign up for a new mobile line or for select home internet plans including Fios 1 Gig, Fios 2 Gig, 5G Home Plus and LTE Home Plus. Existing customers can upgrade their plans to ones included in the promo in order to become eligible. All other existing customers can get \$100 off a Sunday Ticket subscription, which normally goes for \$349/season for **YouTube TV** customers or \$449/season via **YouTube's** Primetime Channels. – **Boost Infinite** is letting Prime members who purchase an Unlimited SIM kit on the **Amazon** U.S. store get \$5 off the list price (\$25) as well as a \$25 bill credit toward their first month of Boost Infinite service. The SIM kit lets Prime members activate an Infinite Unlimited wireless service—which includes unlimited talk, text and data—for \$25/month. Existing Prime members are already eligible for the Infinite plan, and subscribers can add up to five lines per account.

WBD BRINGS NEW ACCELERATOR PROGRAM TO LIFE

Warner Bros. Discovery and the venture fund **Acme Innovation** are teaming up to launch “Collider on the Lot.” It’s a two-month accelerator program available for media, entertainment and emerging technology companies. Selected companies will work with WBD and Acme to create innovative approaches to engaging fans of high-profile brands while using new technologies to improve production processes and digital experiences for fans. It’ll begin in September with a four-day in-person event at WBD’s offices in Burbank, California, before moving to a six-week virtual bootcamp schedule. The program will wrap up with a demo day for WBD executives and Acme investors.

EPB QUANTUM NETWORK TAKING SIGN-UPS

EPB Quantum Network powered by **Qubitekk** is now accepting applications from prospective customers. The network is available to the public and private sectors and can be configured to run existing applications, test new quantum technologies or validate the performance of equipment. Beyond annual contracts, EPB is also offering short-term work spaces and other flexible options depending on the project.

RATINGS

Sunday’s Pocono 400 race averaged a total audience delivery of 2.83 million viewers across **USA** and **Peacock**. That’s up 8% from last year’s race (which had 2.62 million viewers) and is NBC Sports’ most-watched Cup Series race on cable since 2019. So far through the five races this Cup Series season, **NBC Sports**

is averaging a TAD of 2.89 million viewers—its best start since 2018. It’s not just the Cup Series that’s seeing success. The Xfinity series is up 9% YOY so far with an average TAD of 950,000.

WISCONSIN TURNS TO SPECTRUM ENTERPRISE'S SOLUTIONS

Wisconsin’s Department of Administration has entered a multi-year partnership with **Charter's** Spectrum Enterprise to bring its portfolio of network, connectivity and cybersecurity solutions to state agencies, municipalities and educational institutions. Participating organizations under the agreement can utilize the solutions to enhance network infrastructure, reduce cost and streamline operations while ensuring cybersecurity protection.

FIBER FRENZY

CommScope revealed plans to invest \$60.3 million over the next four years to expand its manufacturing facilities in North Carolina. It’ll help the company meet supply demands in the U.S. while also enhancing its production capacity. At least 250 new jobs will be created as part of the investment.

ON THE CIRCUIT

NATPE Global is back. After taking a [hiatus](#) in 2023 amid financial troubles, NATPE Global will return to the InterContinental Miami from January 16-18, 2024. Delivering the opening keynote will be Matthew Ball, CEO of the venture capital firm Epyllion. Registration is [available](#) with a preview rate through September 8.

PROGRAMMING

WE tv greenlit a new reality series with R&B artist *Keke Wyatt* “Keke Wyatt’s World.” The series will premiere in the fall on WE tv and **ALLBLK**. – **HBO's** three-part docuseries “Telemarketers” will debut Aug. 13 at 10pm, available to stream on **Max**. Episodes two and three will air on subsequent Sundays at 10pm. – The LPGA’s fourth major, the Amundi Evian Championship, will have coverage on **Peacock** and **Golf Channel** this weekend. Coverage begins Thursday at 5-7am on Golf Channel before resuming at 9:30-11:30am. Peacock will also have coverage beginning at 5am, but will continue until 8am and resume from 9:30am-12:30pm. The same format will follow Friday. For Saturday and Sunday, coverage will be anchored on Peacock and Golf Channel from 5:30-11am.

PEOPLE

Sandy Howe was appointed to the **ATX Networks’** board of directors. Howe, who’s held senior executive roles at **Cisco**, **AARIS**, **Technetix** and **Coravant**, brings more than 25 years of experience in the industry. She remains a board member at Coravant and SQUAN and was elected to the board of directors at **NCTA** in 2019. Howe is also a Past Chair for **The WICT Network’s** global board.

Think about that for a minute...

Tea Leaves

Commentary by Steve Effros

There are lots of little things happening throughout the telecommunications landscape that deserve comment. In and of themselves they may not be overwhelmingly significant, but when you look at the pattern all those little “tea leaves” create in the bottom of the cup there’s reason to ponder.

None of these things necessarily come as a surprise. They, for the most part, have been predicted here and in many other forums. But given that they’re all seemingly happening with not only consistency but speed, it’s time to wonder where this is going.

A study just released, for instance, suggests that the average number of “content services” a household subscribes to has gone down for the first time, from a little over 7.4 services to 6.4. There’s lots of unsupported speculation as to why that may be, but the two most common guesses are that prices have gone up to the point where customers are seeking less expensive (or “free”) alternatives, and that there was an unnatural glut of streaming during the COVID pandemic and that abnormal spiking curve is starting to decline.

I certainly don’t know which of those possibilities is accurate, but what I do know is that it’s not surprising that folks are just worn out by trying to deal with so many alternatives (remember the “paradox of choice”) and are dialing back because there are simply too many options which result in a tendency to not take any of them. If this falloff is not going to accelerate, what we need at the very least is a unified, all-inclusive “guide” interface that allows folks to find what they want across all services.

The price issue, however, is more difficult to deal with. The escalating cost of programming combined with the escalating cost of marketing because of the surfeit of “exclusive” channels is forcing price increases. All major service providers have raised prices by at least \$1 this year, and sometimes more. There’s no foreseeable end to that trend, as the cable industry learned. As the cable “bundle” prices went up opera-

tors were vilified for “price gouging.” Now the reality is hitting the competitors who thought they could contain the cost of streaming product because they didn’t have to pay, and charge for delivery, something the cable bundle included in the price. Well, it’s not working. Viewers have figured out that at an average cost of \$42 a month for just the programs, with constant increases, they’re still paying as much, if not more when they add the cost of delivery they also have to pay.

Just a little simple math; if I was paying too much for an average of 7.4 services and I decided to “save” by cutting one, but the other six raised their prices by one or two bucks, then I’m back where I started! This does not bode well.

Combine that with other indicators, like the news that ESPN’s bosses are talking with the major sports leagues about letting them buy into ownership of the network and you can get a sense of where this is going. Containing costs, especially on something like live sports, is so difficult in the current fiercely competitive arena that possibly the only way to do it is to allow the creator to own, promote and distribute their own product.

That may sound like a great idea, but remember that’s what the film industry looked like for a long time, with the Hollywood studios also owning their own theaters. Some very famous antitrust cases resulted in breaking up that monopoly. It’s hard to see how, if this trend were to become dominant, allowing the creators to totally control distribution through their own dominant streaming services, we wouldn’t be back in the same place! Just musing about the tea leaves.



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