

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Spot The Difference: States Battle to Make BEAD Work for Them

States quickly got to work after NTIA announced in June the BEAD funding allocations to be made to each of them, and the challenges of making a federal program function within each state's established broadband grant frameworks are quickly coming to light.

During a panel at **The Independent Show** Wednesday, Minnesota Executive Director of the Office of Broadband Deployment *Bree Maki* said the biggest grind for her at the moment is the difference in how the BEAD program and her state's grant programs define unserved locations. Minnesota's definition of unserved for its existing Border-to-Border program is 100 Mbps/20 Mbps, but NTIA's is 25/3 Mbps. The friction came when Minnesota's legislature directed Maki's office to direct the BEAD dollars to move through that existing program.

"Historically, when we're doing our grant rounds, we look at those statutory goals and how our providers can meet those goals. So we know that this dollar amount is going to go very far for the unserved 25/3 areas, but because our legislature has also directed the BEAD dollars to go through our existing Border-to-Border grant programs, we have to meet that statutory goals within there," she said.

The differences between Minnesota's state broadband grant programs and BEAD have also made for some confusion when it comes to the proposed challenge process, which will allow providers to challenge the status of individual locations as served or unserved. As her office figures out the larger challenge

process, Maki and her team have been sending out letters to the editor and engaging with local government, residents and businesses to encourage them to challenge locations individually.

Nebraska State Broadband Director *Patrick Haggerty* recognizes that perfection is probably not attainable despite the best efforts of all involved when it comes to ensuring every location is properly denoted as served or unserved, but his office has already created a state broadband map and it is available to the public and providers for moments like these challenge processes. Nebraskans have already proven that they'll make their voices heard when it comes to this issue, previously speaking out on the gaps in the FCC's initial location fabric for its revamped broadband availability map.

"In Nebraska, there was a very severe, strong engagement from the public outside of the provider community... ultimately, the public discovered a shortcoming in terms of the original fabric that ultimately recognized that another \$30 million of investment was needed to cover unserved areas in Nebraska," he said. "I fully expect that same public to come forward during this process and be that engaged."

When the states submit their proposed challenge processes, NTIA will be looking to make sure they are as effective as possible and operating within the statute. But it is still working with states and within the agency to determine its final expectations of those plans. NTIA is certainly hoping that the states will leverage the FCC's broadband map, which it recognizes as having the best available data in terms of broadband availability,



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but the agency also isn't blind to the fact that the map is far from all-encompassing in what the information it provides.

"It doesn't encompass where additional federal funding is going, it doesn't encompass where state and local funding is going, it doesn't encompass where other enforceable commitments are," NTIA Senior Advisor *Phil Murphy* said. "So the challenge is to figure out where the investments will be and to substantiate what is a real enforceable commitment."

ACA Connects Chair *Patty Boyers* didn't let Murphy off the stage without addressing the fears of many small providers that they will be overbuilt by larger providers that bid for a piece of the BEAD pie. She noted that it's not just a business issue, but a personal one when her home and farm are mortgaged on her company. And while she's confident that NTIA has been thoughtful about the program, not enough has been said about the very real issue that is federally-funded overbuilding.

"It's something we're really focused on. It's a lot of money, but it's not an unlimited amount of money, and we need to make sure that we are getting service to those unserved locations first," Murphy said. "That's where there's a real focus on the maps, on deduplication, on these enforceable commitments to make sure that we are really pushing funding into the places that need it most."

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ALTICE USA PAUSES CAPEX, NAMES NEW PROCUREMENT HEAD

Altice USA has replaced its head of procurement with a familiar cable name as it conducts its own internal investigation following a [Portuguese corruption probe](#) that involves **Altice**-affiliated individuals as well as individuals outside of **Altice Europe**. It warned on Wednesday's earnings call that it is pausing some capital spend until it has completed the investigation, which will impact fiber construction targets in the "short term." Altice USA is an independent, U.S.-based company, but it launched its own internal investigation in response to the circumstances in Portugal, which includes allegations of corruption, fiscal fraud and money laundering. When the news broke, *Alexandre Fonseca* stepped down from his position as Chairman of the Board for Altice USA and CEO *Dennis Mathew* was appointed as Director and Chairman. Former procurement officer *Yossi Benchetrit* was placed on leave when the investigation started and has now been separated from the company. Stepping in as the new SVP and Chief Procurement Officer is *Jennifer Yohe*, who has held senior procurement and operations roles at **Comcast** and **Time Warner Cable**. She also served as COO at **DZS**. "We are both onboarding new and scaling existing vendors where needed to support our go-forward strategies and operation. We are currently reviewing our full-year fiber passings and cap ex targets and using this as an opportunity to ramp up our sales and marketing machine to drive

The WHO and the WHY

CFX's spotlight on recent new hires & promotions



LISA

Collins

GVP, DIVERSITY, EQUITY & INCLUSION

WARNER BROS. DISCOVERY

3 THINGS TO KNOW

- Lisa was tapped to oversee employee initiatives for DEI across Warner Bros. Discovery's North America region. Her appointment comes as the company is expanding its DEI unit in order to further hone in on specific regional needs in regard to content and pipeline program initiatives. She'll report to Chief DEI Officer Asif Sadiq.
- Her job will entail developing and implementing internal DEI programs. That includes business unit-specific programs focused on recruitment, retention, progression, performance management, leadership development and employee engagement. Lisa will also be heavily involved in collaborating with company executives to instill DEI in all facets of WBD's operations.
- Lisa has more than two decades worth of experience in entertainment HR. She held leadership positions at NBCUniversal before joining the WBD family at Warner Bros. Entertainment. She left for Netflix as Director, HR-Production in January 2018 and returned in 2021 to become Head of People Partners, Production for Warner Media.

more customers and penetration on this network," Mathew said during the 2Q23 earnings call. CFO *Marc Sirota* said the company should have a firmer line of sight as it gets deeper into the investigation. "Given the construction already in process, committed to and kind of paid for, we are anticipating that we should have completed at least 600,000 passings in total for fiscal 2023. That would imply potentially about \$100 to \$200 million less in the capital intensity than we originally previously disclosed," he said. Mathew doesn't expect the cap ex slowdown to impact broadband growth, predicting Altice USA will very effectively drive broadband in the second half of the year. Altice USA saw 2Q23 broadband net losses of 37,000, on par with the 39,000 losses a year ago. During the quarter, it launched 8 Gig symmetrical fiber service to 1.7 million passings. Altice had 16,000 mobile net addition (35,000 net additions excluding customers receiving free service). Video losses total 68,000, which is better than the 84,500 lost in 2Q22. This month, Altice USA launched its Optimum Stream and Suddenlink Stream 4K streaming device product to broadband customers. "It is officially now our marquee video product and is available to all fiber customers as their primary video solution. It is also available to new HFC customers in

select markets, and we will be fully available across the majority of our markets by the end of this year,” Mathew said. As for buzz over a [possible sale](#) of news venture **Cheddar**, Mathew said the company is not going to address rumors or press speculation.

SINCLAIR BANKS ON RESTRUCTURE FOR FUTURE GAINS

As **Sinclair** battles elevated churn levels and a drop in ad revenue, it’s hoping its newly restructured organization model will give it more transactional flexibility. But the reorg comes as the company continues its battle with competition from tech companies, streaming services and regulatory constraints, which President/CEO *Chris Ripley* said forces Sinclair to make changes to remain relevant and drive impressions and revenue share. “Going forward, part of the strategy in Sinclair Ventures will be reducing our minority investment stakes over time and focusing more on majority investments that we can operationally and financially control,” he said on the company’s 2Q23 earnings call. Sinclair reported an 8% drop in total revenue YOY to \$768 million, with media revenue also dropping 8% from the prior year period to \$761 million. Distribution revenues also fell to \$418 million from \$430 million in 2Q22, but Sinclair is optimistic that’ll take a turn for the better. Sinclair added distribution agreements with **Hulu** to carry **Tennis Channel**, **T2**, **Comet** and **CHARGE!** in July—which will roll out on the service in January 2024—and Tennis Channel, T2, CHARGE! and TBD were added to **YouTube TV** on June 1. It also has material renewals coming up in 2H23 and into 2024, which represent more than 90% of its big four network subscribers. “We still believe, however, that broadcasters are not at parity with respect to retransmission revenues, and that the industry is not adequately compensated for the programming content and audience share that we consistently bring,” said COO/President, Broadcast *Rob Weisbord*. As for Sinclair’s ongoing lawsuit involving Diamond Sports, the company declined to comment on it other than it “firmly believes that it has meritorious defenses to the allegations.” Ripley said in regard to the upcoming retransmission renewals, Sinclair wouldn’t be negotiating for Diamond. Tennis Channel had its time in the spotlight during the call as Sinclair disclosed the network’s operating results as a separate reporting segment for the first time. It achieved \$60 million in total revenue and \$8 million in adjusted EBITDA.

APPLE LEADS PAC-12 MEDIA RACE

We finally have some details about a potential Pac-12 media rights deal after months of speculation. **ESPN** [reported](#), citing multiple sources, that conference commissioner *George Kliavkoff* presented a potential streaming deal Tuesday involving **Apple** and **Apple TV**. The new agreement would kick in for the 2024-25 season, and while specific financial figures are yet to be known, the initial numbers would be “relatively low relative to the league’s hopes.” However, the deal would improve over the years depending on certain subscription-based metrics being met. While multiple other options were presented, it looks

like Apple is the current frontrunner, but there’s no word yet on when a final decision would be made. The Pac-12 remains the only Power Five conference without a long-term deal.

DIVERSITY GROUP RAISES BROADBAND LABEL CONCERNS

ALLvanza, which advocates for Latinos and underserved communities within the technology, telecommunications and innovation industries, has some concerns about the **FCC**’s upcoming broadband consumer labels. It’s worried about a requirement that providers document each instance when it directs a consumer to a label at an alternative sales channel, suggesting collecting personal info will have a chilling effect on adoption. “This is especially because given that the provider will be required to ‘include the identity of each consumer’ to whom the label is shown. This requirement raises serious consumer privacy concerns as providers will need to collect identifying information from prospective customers,” Wednesday’s letter from ALLvanza’s CEO said. “Additionally, consumers may not want to disclose their personal information while shopping for broadband services, especially if they are first-time adopters. Many Latinos are already hesitant and/or unwilling to provide identifying information to companies or the government due to privacy concerns, fear of discrimination, potential immigration status issues, mistrust of institutions, and cultural preferences for privacy.” Instead, ALLvanza recommends requiring broadband providers to document and retain their practices for distributing the labels at alternate sales channels.

RATINGS

“First Take” on **ESPN** recorded 12 consecutive months of YOY growth from July 2022-2023. This past month saw the show have a 26% YOY increase with an average of 363,000 viewers. Viewership highlights over the 12 months include First Take’s most-watched January ever with 561,000 viewers. – **Hallmark**’s “Christmas in July” event brought it to the most-watched entertainment cable network of the month in total day among households, W18+, P18+ and total viewers, also nabbing the top spot in prime among households and W18+. For weekend total day and weekend prime, Hallmark checked in at No. 1 for households, W18+, P18+ and total viewers. The event reached 22 million unduplicated viewers throughout the month.

WOW! ALL IN ON YOUTUBE TV

After **WOW!** signed a deal with **YouTube TV** in May to make it its dedicated live TV offering, the vMVPD is now available across the provider’s entire footprint. WOW! customers can add the service to their internet plans, and those who bundle it now can get in on a limited-time offer to save \$10/month for one year. On average, existing WOW! video customers who switch to YouTube TV could save as much as \$600/year compared to a traditional cable subscription (including promotional offers).

Think about that for a minute...

Interruptus

Commentary by Steve Effros

Time for another rant. Sure, I could write about AI or all the money being poured into broadband. Or maybe you'd like to read yet another article about indictments or climate change. Oh, had enough of all that for a while? Well, what about all the new 15-second idiotic ads breaking into streaming movies and pop-ups on your screen? Got your attention now?

I've just had it with all this nonsense. There seems to be an almost universal amnesia setting in about communicating. Rule number one used to be that in the middle of a "conversation" of any type the one thing you didn't do was interrupt. It's just so counterproductive with regard to the communication itself, but my fear is that in some cases that actually may be the intent.

Let me explain. The trigger for this particular rant was an effort the other night to watch a classic movie. It was available on one of my subscribed streaming services. There was no additional charge, they said, to start watching it, so we did. Then, literally in the middle of a sentence, the movie stopped and a 15 second ad appeared in all its garish colors and sound. This happened periodically throughout the movie. To say there was no consideration of what was going on in the movie when it was jarringly interrupted would be an understatement. It became pretty clear that what was going on was automated insertion of these 15 second ads on a timed basis regardless of the content they were interrupting. The movie would then start playing again as if nothing had happened.

Now I know, of course, what was happening. There has to be some monetization of these streaming channels beyond the subscription fee or they'll fail. I also anticipate that after a few of these I'll start getting messages that if I don't want to deal with the highly annoying ads, all I'll have to do is sign up for the "plus" version or the "premium" version of the service. Indeed, if I were going to be somewhat cynical about all this, I'd say they are intentionally creating the most annoying and random interruptions to convince me that an

"upgrade" would be in my best interest. It's a lousy way to market a service, and in my case, it's going to convince me to do just the opposite. I suspect I'm not alone.

The first thing any programming service has to remember is that the customer is not really interested in how you get the service to them, how "fast" it is, or how many pixels are displayed. They simply want a good, reliable service that gives them the program they want to watch. Creating "viewer interruptus" as a sales technique won't win you friends or keep customers as soon as they find an alternative. And in this era, there are always alternatives.

Of course, this is not the only poorly thought-out marketing technique we're being abused by these days. The insistence on putting channel logos at the bottom of the screen while programs are running has always driven me nuts. Sure, I know they want me to know which channel I'm watching, but don't they understand that I'm watching a program on photography or art and their logo is now blocking out a part of the picture, or the closed captioning? Sure in this competitive market you have to keep your name out there. But not this way.

Yes, I know, it's far more work to be a little sensitive and avoid dropping an ad into the middle of a love scene, or taking off the logo based on the program. But if you're going to actually serve your customers, do it anyway. Viewer interruptus is eventually going to break up the marriage.



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